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FURTHER CORRESPONDENCE

RESPECTING

ISRAEL

PART 2

January to December 1950

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FURTHER CORRESPONDENCE RESPECTING

ISRAEL—PART 2

GENERAL CORRESPONDENCE

ER 1015/4

No. 1

REPOSITORY OF REAL POWER IN ISRAEL

Sir. K. Helm to Mr. McNeil. (Received 13th January)

(No. 5. Confidential) *Tel-Aviv,*
Sir, *3rd January, 1950.*

It occurs to me that it may be useful if, in the light of my eight months' residence in Israel, I attempt briefly to describe the repository of real power in the State.

2. Israel claims to be a Socialist democracy and at first sight the claim has justification. Trade unionism is highly developed, wages and hours of work are widely and rigidly controlled, social welfare activities are widespread, and to-day an Israel Government not enjoying the support of the General Federation of Jewish Workers (Histadrut) is unthinkable. Again, the 120 members of the Knesset or Parliament were freely chosen last February for a four-year period by a by no means ignorant or unlettered electorate. They represent one large, three medium-sized and several small parties. Parliamentary procedure (apart from the absence of a second Chamber) is modelled on that of Westminster, there is real freedom of debate, and nobody suggests that the Government could survive without popular support.

3. Yet these realities are to some extent deceptive, for they veil what approximates to something not unlike a dictatorship. In Israel real power is highly concentrated, on the one hand in the Histadrut and on the other in a small group inside the Government, with the shock-headed, stocky figure of the Prime Minister linking the two. It seems to me that in the last resort Mr. Ben Gurion is the only person who really counts.

4. The organisation and activities of the Histadrut provide what should be an interesting field for study by the Labour Attaché whom I expect shortly. I therefore forbear from entering it. But over its fence even the uninitiated can see that Histadrut activities extend far beyond those of our own trade unions. Not only

is the Histadrut a Labour federation having under its wing nearly 90 per cent. of the Jewish working population and now including even the teachers; it is at the same time through its industrial and trading operations, the biggest employer of labour in the State. Many indeed contend that it is the State, or that, if not, the border-line between the Histadrut and the State is unrecognisable. With the assistance of my Labour Attaché I hope later to deal in some detail with the relationship between the Histadrut and the Government, but for the moment I content myself with the belief that it is extremely close.

5. And Mr. Ben Gurion is the Government. This fact has been borne in on me more and more as the months have passed. His Government is a coalition in which his tation. As I indicated in my dispatch No. 170⁽¹⁾ of 25th November, the Government is careful not to offend the susceptibilities of the Religious Group, which is the next strongest force in the coalition. But subject to the payment of this insurance premium the Mapai element in the Government enjoys virtually a free hand as regards economic, social and foreign policy. It does, of course, have to take some account of the Opposition. But the latter lacks cohesion. Its principal element, Mapam, though outwardly united, is divided within itself, one wing desiring closer affiliation with Mapai, from which it is separated almost only by Mr. Ben Gurion himself, while the other wanders uncertainly in the direction of the Communist camp. The three Communist Deputies are vocal enough but recent self-analysis and recantations over the Jerusalem issue have reduced them to something of a laughing stock. At the other extreme are the General Zionists, whose influence is much greater than their numbers suggest, and who, though capitalistic in outlook, are not much out of

⁽¹⁾ No. 34 in Israel Volume for 1949.

accord with Mapai policy. There remains the Heruth (ex Irgun Zvai Leumi) party, which is united only on its call for an Israel embracing all Palestine—it therefore remains strongly anti-British—but which otherwise covers all political beliefs, with in general perhaps a closer approximation on economic matters to the General Zionists than to any other party.

6. The effective political party in Israel to-day is therefore Mapai and, as already indicated, Mapai is, for all practical purposes, Mr. Ben Gurion and those immediately round him. In the Cabinet his principal henchmen are Mr. Kaplan, the Minister of Finance, and Mr. Sharett, the Minister for Foreign Affairs. The former, subject to the Prime Minister, is the authority on economic and financial matters, in regard to which, however, the figure behind the throne is Mr. Horowitz, the very able Director-General. Mr. Kaplan, like the Prime Minister and the Minister for Foreign Affairs, is Russian born, and came to Palestine in 1923. He is a forceful character and would be a strong candidate (Mr. Lubianiker, the present head of the Histadrut is another) for the succession if the Prime Minister were to disappear. But, though he is perhaps Mr. Ben Gurion's closest support on internal affairs, he has not the Prime Minister's appeal with the people. He is cautious where the other is dashing and it is no secret that he led the Cabinet opposition to the proposal to reply to the December resolution of the United Nations Assembly with the announcement of the transfer of the Knesset and Government departments to Jerusalem. He strongly favours good relations with the United Kingdom.

7. Mr. Sharett, perhaps the best-known of Israel's Ministers, has not the personality either of the Prime Minister or of the Minister of Finance. He, like many others prominently placed in Israel to-day, graduated from the Jewish Agency and has wide international experience. But modesty and economy of words are not his greatest virtues and, though I would not suggest that he is a mere figurehead, I think that his real power and influence in foreign affairs are less than those of Mr. Kaplan in the financial and economic field. He is very close—perhaps closer even than Mr. Kaplan—to the Prime Minister, and all matters of importance are talked over by the two. But I doubt whether Mr. Sharett has Mr. Kaplan's independence of mind, and in any event in the field

of foreign affairs a powerful influence is that of Mr. Shiloah, the rather sinister, enigmatical Jerusalem-born Jew who, as political liaison officer to the Prime Minister, ranks equally with Mr. Eytan, the ex-Oxford don, who is Director-General of the Ministry for Foreign Affairs. Mr. Eytan is, however, the less influential of the two, and both, as well as Mr. Sharett, maintain close contact (by telephone in Hebrew) with Mr. Eban, the permanent Israel delegate to the United Nations.

8. The repository of real power in Israel is therefore the 63-year-old, Plonsk-born, Mr. Ben Gurion, who came to Palestine at the age of 20 to work as an agricultural labourer. Since then he has been active in the Labour movement and has been a strong Zionist. Dr. Weizmann ultimately had to make way for him and, though the decencies are generally observed, no love is lost between the two. This fact, combined with the President's failing health, has doubtless contributed to the Presidency being shorn of all real power. Mr. Ben Gurion, on the other hand, has kept the Defence Ministry in his own hands, and there his direct control is frequently in evidence. Only the other day he installed a new 34-year-old Chief of Staff (the highest Israel military post), and earlier he had purged the armed forces of Mapam elements. Force, as well as power, is therefore concentrated in his hands, and it is he who determines the uses to which they may be put. Moreover, his freedom of action is increased by the emergency war regulations still in force and by the many present gaps in the legislative structure of the State.

9. I do not know Mr. Ben Gurion as well as I should like. He rarely goes into society, and when he does it is not easy to engage him in conversation. He has much quiet charm, is something of a popular idol, though possibly less so than formerly, and he possesses great dynamic force. But I doubt whether he is very tolerant and he is certainly headstrong. More and more isolated as he is—he has not left Israel since the State was founded—I should expect these characteristics to develop and, in certain circumstances, to constitute something of a danger. But it can be counted to his credit that he has few illusions about Russian Communism or about Israel's present dependence on the United States. Essentially he is probably a thorough-going, one-track-minded Israeli whose discretion is at times open to question, but who sees clearly ahead the

destiny which he believes to be Israel's and towards which he is devoting all his energies to lead her.

10. I am sending copies of this despatch to His Majesty's representatives at Wash-

ington, Moscow, British Middle East Office, Cairo, Bagdad, Beirut, Damascus, Amman, Jedda and Jerusalem.

I have, &c.

A. K. HELM.

ER 1015/9

No. 2

ISRAEL: ANNUAL REVIEW FOR 1949

Sir K. Helm to Mr. McNeil. (Received 20th January)

(No. 11. Confidential) Tel Aviv,
Sir, 11th January, 1950.

I have the honour to transmit to you the accompanying review of Israel in 1949, for the draft of which I am indebted to Mr. Colin Crowe, First Secretary of His Majesty's Legation.

2. This review does not present Israel in a very attractive light. Nor could it be otherwise, for Israel is even now less than twenty months old, it was born of force applied with unscrupulous singleness of purpose by a people whose inferiority complex and sense of persecution had made them aggressive and blind to the interests of others, and whose easy success, facilitated by powerful world States, merely confirmed their belief that they could do no wrong, and that for them the age of miracles was by no means over.

3. But, though the nature of the Jew cannot be expected to change in a year or two, the stern realities of statehood are progressively making themselves felt. The Israelis are beginning to realise that they cannot live alone, and soon it may dawn on them that they will have to accommodate themselves to others. At best the transformation will be a slow one. It can be helped or hindered from without. Throughout the greater part of 1949 it was being helped by the withdrawal of blind American support, by the Arab boycott, by falling subscriptions from Jews outside Israel, and by stark economic realities. Unfortunately, the story so far of the United Nations December resolution on Jerusalem has been an influence operating in the other direction.

4. Yet, despite many shortcomings and much that is unsympathetic, Israel may well be proud of its record in 1949. A minute State with a population of 1,250,000, it has established itself, been admitted to the United Nations, been recognised by all the principal world Powers, and it has built

up a not inefficient legislative and administrative machine. Industrial and agricultural development have gone steadily, if extravagantly, forward, communications have been improved and social welfare is by no means ignored. The strain on the State's economy (a thoroughly unsound one) has been enormous, and birth, let alone survival, would not have been possible without the millions of dollars which have poured in from overseas. But Israel does survive and perhaps not least to its credit, however critically it may be viewed from the standpoint of pure reason, is the fact that its ports remain open to every Jew who wishes to come here. Nearly 250,000 of them so arrived in 1949 and more are on the way. The initial lot of all of these immigrants, many of them old or very young and practically all of them without means, is one of great hardship and they have to put up with conditions calculated to cow the most stout-hearted. Yet one hears of no troubles in the clearance camps and the new immigrant, alike with the native-born sabra, seems to take pride—too much pride—in being an Israeli. Their State is far from being viable. But it is very much a going concern. And this fact has important implications for the whole of this part of the world.

5. I am sending copies of this despatch to the British Middle East Office and to His Majesty's representatives at Cairo, Bagdad, Beirut, Damascus, Amman, Jerusalem and Jedda.

I have, &c.

A. K. HELM.

Enclosure in No. 2

Israel in 1949

At the beginning of 1949 Israel was less than eight months old. It was still ruled by a Provisional Government, and hostilities

in violation of the United Nations truce were still in progress. Israel troops were in fact across the Egyptian border and the shooting down of five British planes was to follow soon after. By the end of the year, elections had been held, an Assembly based on them had been constituted and a Government, backed by a parliamentary majority, had been in office since February. Hostilities had ceased in January and, though no final peace settlement was in sight by the end of the year, nearly all Israel's gains in the fighting had been embodied in a series of armistice agreements with her neighbours concluded under United Nations supervision. Israel had become a member of the United Nations and been recognised by fifty-eight countries. The administration, which at the beginning of the year had been very makeshift, was beginning to settle down. Perhaps the only point of similarity between the position at the year's end and at its beginning was that Israel was once again defying the United Nations, this time over the United Nations Resolution of 9th December, 1949, providing for the internationalisation of Jerusalem.

General

2. During the year the character of the State became more clearly defined. It is young, intensely chauvinistic and highly strung. Its people suffer from an acute inferiority complex and are preoccupied with themselves and their own affairs. They are incapable of seeing the other side's point of view or, on occasion, of admitting its existence. Thus opposition or even criticism by others must be due to anti-Israel or anti-Semitic feelings. Nineteen months of independent existence have not altered the characteristics of the race.

3. But the Government is strong and is giving leadership to the country. Though it is a coalition mainly composed of the religious *bloc* and Mapai (moderate Labour), it is in fact dominated by Mapai and by the personality of the Prime Minister, Mr. Ben Gurion. It enjoys the confidence of the country and, though there have been occasions when the opposition has made itself felt, at no time has the Government's position been in danger. The people is almost solidly Zionist, and so long as external danger and pressure on the State persist patriotic feeling is likely to restrain party strife. This was a powerful factor in 1949.

4. Though the State was better equipped to deal with them at the end of the year than at the beginning, and though their nature had changed, the difficulties still facing the State were no less formidable. They were primarily economic. Israel is a small territory, virtually devoid of natural resources or raw materials. It is but little industrialised and has few exports. It suffers from acute inflation, and it has a heavy military budget. These difficulties would be serious enough were the State to have to compete with them with a static population. But to them have been added the burden of mass immigration which has already increased the size of the Jewish population by a half since May 1948. Over 240,000 immigrants arrived in 1949. This mass immigration is the cardinal tenet of Zionism and no Israel public figure dare openly advocate its limitation, much less its stoppage. The December celebrations attending the arrival of the millionth Jew were accompanied by exhortations that the next million should be brought in even quicker.

5. The problems that this immigration posed were admitted. But they tended to be brushed aside as difficulties which would inevitably be surmounted. It was difficult to escape the conclusion that the magnitude of the economic problem was not fully realised in spite of much talk of austerity, increased production, &c. But the Government was conscious of the problem, and on 14th December the Prime Minister admitted that the economic front was more important and more vital to Israel's future existence than any other.

6. Nevertheless, there is a general feeling of life, thrust and drive. There is a calm confidence that the difficulties can and will be overcome with the help of World Jewry—which will indeed be essential—and a profound conviction that Israel is destined, in due course, to play a leading rôle in the Middle East.

Foreign Relations

7. The United Kingdom granted Israel *de facto* recognition on 29th January, and I established His Majesty's Legation on 17th May. After the cease fire on 7th January, armistice negotiations were opened at Rhodes between Israel and the Arab allies under the auspices of Dr. Bunche, the United Nations Acting Mediator. By May armistice agreements had been concluded with Egypt (February), Lebanon (March) and Jordan (April), and

negotiations were proceeding with Syria. (These were concluded in July.) The application of Israel for membership of the United Nations was being debated at Lake Success and was approved immediately after my arrival. The election caused much rejoicing and some smug moralising. By that time the Palestine Conciliation Commission, which had been set up under the United Nations Resolution of 11th December, 1948, had already moved to Lausanne.

8. The negotiations at Lausanne dragged on wearily throughout the summer, neither the Israelis nor the Arabs being prepared to make any proposals acceptable to the other even as a basis for negotiation. The Arabs insisted that the Israelis should agree to the return of the Arab refugees before discussing a general peace settlement, while the Israelis refused to give any undertaking about refugees, except as part of a general settlement. Considerable United States pressure was, however, brought to bear on Israel and eventually, at the end of July, the Israel Government announced its readiness to accept 100,000 Arab refugees as part of a general peace settlement. But the Government handled things badly. On the one hand the announcement aroused serious criticism in Israel, thus causing the Government to hedge even on its limited offer, while on the other the offer was made in such terms that it failed to have any good effect abroad. The Arabs were not prepared to take it up and it gradually fell into the background. Finally, after the adjournment of the Palestine Conciliation Commission to Lake Success, the Israel Government on 28th October informed the Palestine Conciliation Commission that a continuation of indirect negotiations on the existing basis held no promise, and could therefore serve no useful purpose.

9. Towards the end of the year, however, the question of territorial settlement became overshadowed by that of Jerusalem. With the approach of the General Assembly, the Government began in August to announce the movement of certain Government offices to Jerusalem, and later initiated a campaign designed to show the world that Jerusalem was Jewish and must be the capital. The campaign gathered momentum in September with the publication of the Palestine Conciliation Commission plan for a more limited measure of internationalisation of Jerusalem than had previously been con-

templated. All the available organs of publicity were used to proclaim that Israel would never give up Jerusalem. The voting in the United Nations in December came as a distinct shock to the Israelis. They had been led to believe that even the Palestine Conciliation Commission scheme would not obtain a two-thirds majority, much less the considerably wider scheme which was eventually approved. The Government lost no time in announcing its decision to resist it, and on 13th December the decision was made known to transfer the Knesset and the majority of the official departments to Jerusalem with all speed. The Knesset in fact met there on 26th December after the Government had been at considerable pains to prove that Jerusalem had always been the capital and that its establishment in Tel Aviv had been purely temporary.

10. Towards the Arab States Israel's professed policy throughout the year aimed consistently at reaching a settlement with any of them that was prepared to negotiate. The armistices had been generally favourable to Israel. But they were not definitive and armistice conditions were imposing a heavy burden on Israel which above all wanted to end the Arab boycott which throughout the year banned all intercourse between Israel and her neighbours. In the autumn Israel put out feelers to Egypt and Jordan. The latter only took them up, though in no official fashion, and at the end of the year the prospect of success was doubtful. With the other Arab countries relations remained in a state of uneasy armistice with the Arabs apparently determined to take no step as a result of which any benefit would accrue to Israel. This was above all evident in the refusal of Egypt and Iraq to yield to pressure by His Majesty's Government to allow oil to reach the Haifa refinery and so increase the supply of sterling oil to the British market.

11. Towards the rest of the world Israel policy has been based on what might be called respectability and neutrality—or, as the Minister for Foreign Affairs recently called it, "non-identification." The State has been desperately anxious to be accepted by other countries and to appear to be taking its part in the community of nations. Much play has been made of the moral forces allegedly guiding Israel foreign policy. In fact, however, there has been no real consistency in the Israel approach to United Nations problems. She

has tried to maintain an uneasy balance between the Western and the Soviet camps and essentially has been concerned with her own interests. She has learnt the lesson of the *fait accompli* and this has tempered her allegiance to the United Nations, an approach which the recent decision on Jerusalem has seemed to encourage. The Israelis, not perhaps alone among nations, regard the United Nations as an admirable institution for handling the affairs of others.

12. Israel's policy of neutrality received some buffeting during the year. It was based upon the desire not to be involved in the cold war; upon a wish to appease Mapam (Left-wing Socialist) and to give them as little handle as possible for opposition over foreign policy; and upon the hope that friendly relations with all would leave open the possibility of continued emigration from the satellite countries, and possibly even, though this hope was faint, from the Soviet Union itself. As the year went on, however, it became increasingly realised that the Soviet Union was not the friend she had seemed to be, that communism whether in the Union of Soviet Socialist Republics or the satellite countries was fundamentally hostile to Zionism, and that Israel, though having hostages in the East, was in fact dependent on the West. The Minister for Foreign Affairs admitted to me that in the last resort Israel must stand with the West. The Prime Minister attacked the Roumanian Foreign Minister in a speech in October. Finally, the Soviet *bloc's* vote for the internationalisation of Jerusalem was one more blow. Nevertheless, the Government outwardly maintained its attitude of neutrality—or "non-identification." In practice, this tended to mean a rather nauseating fawning whenever the Soviet Union or one of the satellites did something favourable and a rather sorrowful reporting when they did the reverse. This did not show up well in comparison with the strident attacks on the United Kingdom or the United States whenever they might be suspected of doing something the Israelis did not like.

13. Relations with the United Kingdom improved during the year from the low point reached with the shooting down of the five British planes in January. *De facto* recognition and the establishment of diplomatic relations did much to flatter the pride of this abnormally sensitive people. Moreover, as it became apparent that unwavering United States support

was less to be counted on, while Russian support was non-existent, it began to be realised that Israel was very much alone. The United Kingdom, whose puppets most of the Arab States were regarded as being, remained an object of suspicion and also of respect, and the fine Machiavellian hand of the Foreign Office was apt to be seen in every development unwelcome to Israel. But there has undoubtedly been a genuine desire on the part of the Government to establish relations on a better footing and to foster trade relations. But the Israelis are keen bargainers who give little away. This became abundantly clear in the negotiations which began on 1st July for the liquidation of financial questions arising out of the surrender of the Palestine Mandate. At the end of the year these had reached a concrete stage with the Israelis apparently ready to make some advance from their original positions and genuinely anxious for a settlement. Moreover, the desire for an improvement in relations with the United Kingdom found a ready response from the public and press and the reception accorded to myself, members of the legation and British business men has been generally encouraging.

14. Relations with the United States lost some of their honeymoon flavour. It became borne in on the Israelis that they could no longer do nothing wrong in American eyes. This caused some fretting and complaints that State Department as opposed to White House policy was in the ascendant. Periodically there was also suspicion that the United States was out to secure economic domination of Israel and unanimity in declaring that this would not be tolerated from any quarter. But the Israel Government and people remained fully aware of their dependence upon the United States and even more, as the economic situation grew more difficult, of their dependence on American Jewry. Israel cannot risk seriously antagonising the United States and its Government knows it.

Internal

15. At the beginning of the year Israel was still being governed by a Provisional Government formed on a broad coalition basis in May 1948 by negotiations between the various parties. A Provisional State Council of thirty-seven persons functioned as a Parliament, and Dr. Weizmann was acting President. These temporary

arrangements came to an end when on 25th January elections were held for a Constituent Assembly ("Knesset") of 120 members. The principal parties to emerge were Mapai (Moderate Labour) with 46 seats, Mapam (Left-wing Labour) with 19, the Religious *Bloc* with 16, and Heruth (former Irgun Zvai Leumi terrorists) with 14. To the surprise of some observers the General Zionists (Right-centre) obtained only 7 seats. The Progressives, who broke away from them, obtained 5 and the Sephardis 4. Only four Communists were returned, one of whom deserted later in the year and joined Mapam. The Knesset held its first meeting in Jerusalem on 14th February. Two days later the veteran and ailing Dr. Weizmann was elected President of Israel. He called upon Mr. Ben Gurion, the Mapai leader, to form a Government. Mr. Ben Gurion stated his programme and invited all other parties to collaborate.

16. Negotiations lasted six weeks and ended in a coalition Government on a basis narrower than that of the Provisional Government which preceded it. Heruth had not been expected to enter it, but Mr. Ben Gurion was now able to retain the collaboration not only of the General Zionists, but also of Mapam. The latter, as a Socialist Party closely associated with Mapai in the all-powerful Histadrut (Labour federation), might have been regarded as its natural ally. But Mapam's demands, particularly as regards defence and foreign policy, were unacceptable. There were also personal difficulties between the Prime Minister and some leading Mapam personalities. Mapai, therefore, turned to the right and the coalition eventually formed consisted of Mapai, the Religious *Bloc*, Progressives and Sephardis, with Mapai holding the key Ministries and a Cabinet majority of 7 out of 12. Further invitations to join the Government were made at intervals to Mapam but though Mapai-Mapam negotiations were renewed in the autumn they produced no result.

17. In the Cabinet, Mapai had to make concessions to their principal partners, the Orthodox Jews, in deference to their religious susceptibilities, notably over the Education Bill, and did not venture to introduce a constitution which would raise serious controversy on fundamental ideological issues. In face of the country's economic difficulties, and in order to attract foreign capital, Mapai also com-

promised over some of its Socialist principles. In return Mapai's partners gave the party virtually a free hand in defence, economic and foreign policy. The result was that the Knesset was able to transact a formidable amount of business, including such basic laws as the Conscription Law, without the coalition being seriously threatened at any time.

18. The year saw a considerable development of Israel's economy, though industrial and agricultural expansion could not keep pace with the increase in population. Large tracts of former Arab lands have been brought back into cultivation, cereal acreage increased by 150 per cent. over 1948, egg output went up by 50 per cent., and cattle lost during the fighting had nearly been replaced. Out of a present total of 591 settlements, 127 were founded during the year. Many of these had strategic purposes—in the Jerusalem corridor, in the Negev and in Galilee. But older settlements were also developed and production was definitely on the increase.

19. The same is true of industrial production, which was about 20 per cent. higher than in 1948. In the spring the United States Export-Import Bank created a loan of \$100 million, of which about three-quarters had been allocated by December. The effect of the loan, however, and even of such imports as have already been made under it, will not be felt till later. But even with the loan, Israel industry still has far to go before it solves the problem before it. Jewish labour is strongly unionised, but its productivity low. The Histadrut itself calculated that the Jewish worker produced only half as much as the British worker for twice the pay.

20. The trade figures show the seriousness of Israel's economic position. In 1949 imports were valued at £1.85 million, but exports reached only £1.12 million. The citrus crop, which constitutes about half Israel's exports, was only one-third of the pre-war total and is not susceptible of rapid increase. Capital investment was urgently needed for the equipment of industry and to cover the country's deficit in the balance of payments. All sorts of schemes were devised to attract foreign investors—freedom from taxation in the early years, guarantees for the remittance of profits, &c., culminating in a Bill for the Encouragement of Capital Investment, which was introduced in the Knesset in

December. Investors, nevertheless, remained shy. Meanwhile, the Government's foreign exchange resources grew increasingly straitened. The United Jewish Appeal in the United States produced only \$115 million (of which \$78 million came to Israel) against a target of \$250 million. Under a six months' financial agreement concluded in May, the United Kingdom agreed to release nearly £7 million from Israel's sterling balances. But this was not sufficient for Israel's needs and even before the expiration of the agreement sterling was very short, a shortage which later became accentuated.

21. As a preliminary to tackling the economic position the Israel Government had to deal with the acute inflation which existed in May. To this they set themselves energetically from June onwards. Rationing and an austerity programme were introduced and by a series of administrative measures the cost-of-living index has been forced down, at least nominally, by some 8 per cent. In enforcing this programme the Government generally received the co-operation of the population, who accepted the not very efficient rationing system with only minor grumbling. More importantly, they had the co-operation of Histadrut, who agreed in July and again in October to accept reductions (amounting altogether to a pound a week) in workers' cost-of-living allowances. Both Mapam and the Communists attempted to fight these reductions

by strikes and demonstrations, but with complete lack of success.

22. The economic strain has been aggravated, as pointed out above, by the volume of immigration. In 1949, 243,547 immigrants arrived. About half of these originated in Eastern Europe; the remainder have come mostly from the Yemen, Turkey and North Africa. Though the pace of immigration slackened in the autumn, nearly 100,000 are still in camps waiting to be "absorbed." In addition some 24,000 persons are wholly or partly unemployed.

23. The Government has therefore good reason for concern about the economic position and has sought to bring it home to the people. But the Yishuv (the Jewish Community in Palestine) had been in danger before and had always come out stronger after the trial. The people were still very conscious in 1949 of the enemies at the gates and the precariousness and newness of the State; they were still buoyed up by the excitement of independence and of war. There was a readiness to admit difficulties if only to brush them aside and to accept the burden of immigration without too much thought of its consequences. Finally, there was the conviction that in the last resort their fellow Jews in the rest of the world would not and could not let them down.

11th January, 1950.

ER 1571/3

No. 3

PLENARY SESSION OF JEWISH AGENCY EXECUTIVE

Relations between Israel Government and American Zionists

Sir K. Helm to Mr. Bevin. (Received 13th February)

(No. 43. Confidential) *Tel Aviv*
Sir, 3rd February, 1950.

With reference to my despatches Nos. 122⁽¹⁾ and 153⁽²⁾ of 11th October and 9th November, 1949, in which I analysed the causes of tension between the Israel Government and the American Zionists, I have the honour to report that a plenary session of the Jewish Agency Executive was held in Jerusalem from 12th to 30th January. The discussions which then took place, both within the Executive and between the Executive and the Cabinet,

have again underlined the gravity of the practical problems which the Agency and the Government must face and solve in common. At the same time they brought out once more Mr. Ben Gurion's determination, despite Israel's dependence on Zionist funds, not to allow the Jewish Agency to become a State within the State, controlled by the Zionist Organisation of America.

2. The Jewish Agency Executive has been divided since the summer of 1948 into two boards, one in Jerusalem and the other

(1), (2) Nos. 25 and 30 in Israel Volume for 1949.

in New York. A plenary session requires the presence of both, and an American component accordingly attended, led by the Chairman of the New York Executive, Dr. Nahum Goldman. Other American Jewish personalities arrived about the same time and though not entitled to participate, were clearly in the corridors. Of these the most prominent were Mr. Daniel Frisch, president of the American branch of the Zionist Organisation, with which the Jewish Agency is so nearly identified, and Mr. Henry Morgenthau, United States chairman of the United Jewish Appeal, to which both the Agency and the Government look as a major source of funds. From the start, the session was accompanied by controversial comment and rumour. Its normal routine tasks of budget-making and planning were complicated by other issues on which the American delegates and many members of the Jerusalem board did not see eye to eye with the Government.

3. One of the main points of discussion was whether immigration to Israel should be deliberately limited. As I pointed out in my despatch No. 122, the Jewish Agency is expected to finance expenditure without having anything more than an indirect control over the activities which give rise to it. During the past year the Agency has been seriously embarrassed by the influx of immigrants, whose time of arrival and numbers did not conform to any fixed plan. By October last, the reception camps were full to overflowing with "unabsorbed" immigrants, whose settlement in Israel it might take months to arrange. It was natural that the body bearing the responsibility for immigration, absorption and settlement should try to devise some means of regulating the intake. Members of the Executive were reported to be in favour of limiting immigration to 10,000 a month and introducing a selective basis which would prevent the sick, aged and socially unfit from being brought to Israel. The Government, which is deeply committed in principle to unlimited immigration, was opposed to this. A compromise appears to have been worked out, which consists in maintaining the principle, but in practice regulating the intake of immigrants by "seasonal and geographical quotas." By keeping the absorption camp population within definite limits and regulating accordingly the arrival of immigrants from various quarters, it is planned to restrict immigration this year to a maximum of

150,000. At the same time, there is to be no restriction on the immigration of Jews who may have a chance of escape from foreign lands and must seize it at once.

4. Much time was naturally devoted to discussion of the Agency's budget. The Executive appears to have made great efforts to persuade the Government to take over more of the financial responsibility, particularly in respect of the absorption of immigrants. To what extent it succeeded is not yet clear. Meanwhile, the Jewish Agency has published the following budget for the current Jewish year, ending 11th September, 1950:—

£l.	
Agricultural settlement ...	16,000,000
Absorption of immigrants ...	10,430,000
Payments of debts ...	7,000,000
Youth immigration ...	3,500,000
Contribution to social welfare services for immigrants ...	1,200,000
Various ...	2,130,000
Total ...	40,260,000

The Agency finished the previous year with a deficit of some £1.7 million, which is shown as a debt in the new budget. Mr. Berl Locker, the chairman, explained in a press conference after the session that the Agency felt it necessary to pay off its debts to this extent in order to raise its prestige at a time when new loans were needed. He admitted, however, that there would be a deficit of £1.6 million which by implication would have to be met by further borrowing. The centre of gravity in the new budget has been shifted strongly in the direction of agricultural settlement. An effort will be made to avoid spending so much money on the unproductive maintenance of immigrants in transit camps.

5. No explanation has yet been given of the sources from which the Agency expects to draw its funds. In the previous year, its regular sources (Foundation Fund, Jewish National Fund and the like) produced only about £1.19 million, with the result that, though its original budget of £1.50 million was drastically cut and expenditure reduced to £1.26 million, there remained the £1.7 million deficit. Having adopted an ambitious budget of £1.40 million after exhaustive discussions with the Government, the Jewish Agency is believed to have come to some arrangement by which a fair proportion of the sums

raised by the United Jewish Appeal will be allotted to it.

6. On the budget and immigration the Agency and the Government stood more or less on common ground: they were discussing how best to achieve purposes which they both share. But some members of the Executive also strongly urged the need to give the Jewish Agency an official status in Israel which would enable it to be something more than a fund-raising body. It was said that the Zionist Organisation would be faced with a serious crisis: that for lack of a proper definition of its rôle in the new State it would lose prestige in the eyes of world Jewry and consequently its fund-raising capacity would diminish. It appears even to have been suggested that a representative of the Jewish Agency Executive or of the Zionist Organisation should be included in the Israel Cabinet. But the main demand was for a charter recognising that the Agency occupied a privileged official position in Israel similar to that which it enjoyed in virtue of article 4 of the Palestine Mandate. On this point no agreement was reached. Mr. Ben Gurion is said to have led the Opposition to this suggestion, on the ground that it implied an infringement of Israel sovereignty.

7. The American members of the Executive came to the plenary session armed with the draft of a charter such as they claim to need, but they made no headway with it. At the most it appears to have been agreed that the future relationship between the Agency and the Government might be referred to the Knesset, which could, if it wished, define the status of the World Zionist Organisation by some legislative enactment. There have also been unconfirmed rumours that the Government might be willing to grant the Agency a special status, but only for a limited period and only in respect of its work on immigration, absorption and settlement. Under the British Mandate the Agency was in full political and economic control of the Jewish community in Palestine: towards the end it was practically a State within the State, and indeed it was tending to become an American-Jewish State within the British Mandatory State. Mr. Ben Gurion will have nothing of the kind. The American Jew is Israel's financial hope, but representation in the State is to be denied him lest he try to make the State an American instrument. Even Mr.

Morgenthau was clearly told this when during his visit he publicly suggested that Israel should throw in her lot with the United States against the U.S.S.R. and unite with the Arab States in a Middle East defence pact.

8. An example of American-Jewish interference and of sharp reaction to it from Israel has just been given in a sphere not unconnected with Jewish Agency matters, and seems worth mentioning here. About a month ago the Religious *bloc* threatened to resign from the Government and the Jewish Agency, as a protest against the Government's failure to satisfy their demands for religious facilities and religious education in the immigrant absorption camps. Various allegations have been made, among them that systematic discrimination has been practised against orthodox Jews. On 22nd February the Israel press published an exchange of telegrams which had taken place between the United Religious *Bloc* in America, comprising eleven religious bodies, and the Prime Minister. The former had passed a resolution at an emergency conference demanding that the question of the treatment of immigrants' children should be re-examined in order to prevent "injustice to children, parents and fundamental religious Judaism, so as to obviate a world scandal of far-reaching and tragic consequences." In a telegram communicating this resolution they demanded "immediate action." Mr. Ben Gurion's reply, despatched and published within a few hours of the receipt of the American telegram, was characteristic. He expressed surprise that such a resolution should have been passed on a serious matter with which the authors were unacquainted. "They were," he said, "passing judgment without hearing the accused, a procedure contrary to the laws of Israel." No one in the Government was aware of the sources of information on which their cable was based. Most of all Mr. Ben Gurion was "amazed by the singular threats" with which they approached the Government of Israel. The Government would do nothing under pressure of threats that was not justified or necessary on its own merits. The most effective means open to the authors of the telegram, if they wished to exercise direct influence on the path taken by the State of Israel and to strengthen a particular movement there, was "to join us and settle

in Israel." Such language can hardly be conducive to fund-raising or to the solution of present difficulties.

9. Mr. Ben Gurion has not only resisted American Zionist pressure; he appears to have strengthened his hold over the Executive. After the resignation of Mr. Gruenbaum, in September 1949, which was the occasion of my despatch No. 122⁽¹⁾, Mr. Levi Eshkol, a man closely associated with Mapai and the Histadrut, was appointed Treasurer *ad interim*. The plenary session ended by confirming his appointment. The General Zionists, who serve as the local spearhead of American Zionism, have in the past provided most of the treasurers. They expected to replace Mr. Eshkol but in the end withdrew their demand. It appears that in exchange they are to be entrusted with the organisation of all fund-raising campaigns outside the United States, and in this connexion Mr. Moshe Kol (formerly Kolodny), one of their

⁽¹⁾ No. 25 in Israel Volume for 1949.

leaders, has been appointed chairman of a special "Appeals Executive."

10. In the main the problem of the Agency's formal status in Israel was shelved until the next World Zionist Congress thrashes it out, as it must inevitably do. But the Executive took measures to ensure that the Congress, which many had hoped could be held this summer, will in fact be held as early as possible. The Præsidium of the Zionist General Council is being requested to convene the Council in April and to recommend that the 23rd World Zionist Congress be held in Jerusalem in December of this year.

11. I am sending copies of this despatch to the British Middle East Office in Cairo and to His Majesty's representatives at Washington, Cairo, Bagdad, Damascus, Beirut, Jedda, Amman and Jerusalem.

I have, &c.

A. K. HELM

ER 1281/1

No. 4

AGRICULTURE IN ISRAEL

Sir J. Troutbeck to Mr. McNeil. (Received 15th February)

*British Middle East Office,
(No. 7. Confidential) Cairo,
Sir, 4th February, 1950.*

Sir Knox Helm, in his despatch No. 168⁽¹⁾ (17/7/49) of 23rd November, 1949, forwarded a most informative memorandum on the communal settlements of Israel written by Mr. Balfour. I now have the honour to enclose some notes on agriculture in Israel⁽²⁾ prepared by Sir Herbert Stewart as a result of a short visit which he paid to Israel while serving as principal consultant in agriculture to the United Nations Economic Survey Mission for the Middle East.

2. Although shorter, these notes are wider in their scope than Mr. Balfour's memorandum, in that so far as the settlements are concerned they deal not only with the communal settlements properly so-called (the Kvutsoth and Kibbutzim), but also with the co-operative smallholders' settlements (the Moshav). They do not seek, as does Mr. Balfour's paper, to deal with the historical development of the settlements, nor with their political and ideological background; they do, on the

other hand, deal comprehensively with the farming methods adopted. In the more general field Sir Herbert Stewart's notes also cover the citrus industry, irrigation, including an outline of future schemes under consideration, agricultural education, research and extension services, of the Jewish Agency's colonisation plan for 1949-50 and of the Government's Four-Year Plan for 1949-53.

3. Sir Herbert Stewart begins by drawing attention to the essential difference between the two main types of settlement, namely, that although in both the land is communally owned, being in fact the rented property of the Jewish National Fund, in a Moshav the individual settler owns his house and works a separate holding on his own account but within the framework of the settlement as a whole, whereas in a Kibbutz and in the smaller but otherwise similar Kvutza the individual possesses no personal property and all cultivation and other activities are communally undertaken.

4. He then, in pp. 5 to 19 of his notes, outlines in some detail the principles on which Moshav, Kvutsoth and Kibbutzim

⁽¹⁾ No. 33 in Israel Volume for 1949.

⁽²⁾ Not printed.

are operated and gives facts and statistics about typical settlements of various types which he was able to visit. These I will not endeavour to summarise, except to call attention to the fact that in the Moshav major machinery is co-operatively owned and that in both types of settlement all produce is sold, and all requirements obtained, through co-operative organisations. A particular point of interest, mentioned also by Mr. Balfour, is the extent to which the larger Kibbutzim engage in processing and manufacturing activities; Sir Herbert Stewart suggests that the methods adopted in these settlements and the information which he gives are of special interest as a basis for comparison with two other well organised systems of land settlement and agricultural development in Middle Eastern countries, namely, the Italian colonies in Libya, and the Sudan Plantations Syndicate, which have already been reported on in section IV of his report "Agriculture in Tripolitania: Notes and Future Developments" dated 10th March, 1947, and section IV of his "Notes on a Visit to the Sudan" dated 30th January, 1948.

5. Sir Herbert Stewart then turns to the citrus industry and draws special attention to the disastrous effect on the industry of the abnormal conditions of the war years and even more of the period of hostilities in Palestine and the large-scale population movements which accompanied them. He quotes (paragraph 67) an Israeli Government estimate that in 1948-49 only 21 per cent. of the citrus orchards were in good condition, 42 per cent. in fair condition, and 37 per cent. in poor condition. The Israeli Government have made plans in their four-year programme for the rehabilitation of the industry, not by extending the area under citrus crops but by the improvement of production methods, particularly by mechanisation and increased irrigation.

6. Part III of the notes is concerned with irrigation, and lists nine specific schemes (pp. 26-29) which the Israel Government has under consideration. A rough estimate of the cost of these schemes is £1.19 million, of which figure nearly half represents the estimated cost of the Yarkon River scheme. Of this scheme Sir H. Stewart says "if it proves feasible and can be financed it will probably be the first of the various projects to be put into execution, in view of the contribution which it will make towards the settlement

of immigrants on the land. From present estimates this scheme alone would seem to be capable of roughly doubling the present total area under irrigated farming in Israel."

7. In the three important spheres of agricultural development—research, education and extension services—Israel is already advanced to a degree to which neighbouring Middle East countries other than Egypt cannot hope to attain for many years to come. Sir H. Stewart devotes sections IV, V and VI of his notes to these subjects, describing briefly the various education agencies at work, from the Agricultural College at Rehovoth with its four-year course for a Master's degree in agriculture, through the resident agricultural schools, training farms and training centres, to a mention of the fact that agriculture is a subject in the curriculum of elementary schools under the Ministry of Education. He describes too in section V the nature and scope of research carried out at the central agricultural research station at Rehovoth (at present owned by the British Agency, but which may be transferred to Government control), and in section VI the methods of extension work adopted by the various departments of the Ministry of Agriculture concerned.

8. Finally, after a section devoted to the recording of certain statistics probably not generally available elsewhere, Sir H. Stewart turns to plans made for the future. He pointed out that as a result of the flight of the bulk of the Arab population the balance of the agricultural population has been upset. Whereas in the past much Jewish owned land was worked by Arab labour, that labour has now fled and has not as yet been replaced fully by suitable immigrants, few of whom are agricultural workers. Consequently at a time when the ever-increasing population of Israel demands ever-increasing supplies of food-stuffs of every kind, much good agricultural land lies fallow for lack of labour despite the fact that there is an ever-increasing surplus population to be absorbed, and Israel is constrained to import food-stuffs to the extent of some £1.23 million a year. For this reason the Israeli Government's immediate plans aim as a first step at increasing the number of people employed on the land so as to regain the former proportion, and at increasing agricultural production so as to regain self-sufficiency. To this end two development plans have been framed. These are firstly a plan by

the Jewish Agency which aims at founding 150 new settlements and establishing 1,000 new auxiliary farms on existing settlements, thus settling some 17,000 additional families on the land. The estimated cost of this scheme including housing is some £1.14 million. The Government for their part are elaborating a plan which aims, broadly speaking, at doubling the irrigated and total cultivated area, together through improved methods with still greater increases in the production of particular crops and products. Sir H. Stewart points out, however, that the attainment of this target will depend on the degree of external financial aid received. Israel is not in need to any appreciable extent of outside technical assistance, but the pace of actual development in Israel will depend on her success in raising the necessary funds.

9. In conclusion I would draw attention to the second paragraph of the introduction

to Sir H. Stewart's notes, in which he mentions that much of the information contained in them was provided to him in his capacity as a member of the United Nations Economic Survey Mission for the Middle East. It is for this reason that the notes and this despatch have been graded as confidential, and I would suggest that should this despatch or its enclosure be given any wider circulation the attention of recipients should be called to this fact and that they should be requested not to make public use of the detailed statistics contained therein.

10. I am sending copies of this despatch to Sir Knox Helm at Tel Aviv, to Sir Alec Kirkbride at Amman, to Sir Hugh Dow at Jerusalem and to Sir Oliver Franks at Washington.

I have, &c.

J. TROUTBECK.

EE 1015/27

No. 5

ISRAELI-JORDAN NEGOTIATIONS FOR A SETTLEMENT OF OUTSTANDING DIFFERENCES

Sir A. Kirkbride to Mr. Bevin. (Received 18th February)

(No. 75. Confidential) Amman,
(Telegraphic) 18th February, 1950.

Israeli-Jordan negotiations.

Shiloah took the initiative and wrote to Samir proposing a private meeting but nevertheless appeared at the appointment accompanied by Diyan. The meeting was at Shunet on last Friday night.

2. There was a preliminary meeting with Samir which covered old ground and got nowhere. The only new suggestion was made by Diyan who asked if Jordan would accept a port at Zeeb a village north of Acre, without indicating how Jordan trade was to get there.

3. After the King had been informed that there was no headway, he proposed a new line of approach consisting of the following points which he dictated to Shiloah, who took them down in Arabic.

- (a) A non-aggression pact between Israel and Jordan for five years during which the present armistice line would remain in force.
- (b) Appointment of technical committees to consider during that period the

adjustment of the armistice line into a frontier.

- (c) Resumption of trade between the two countries.
- (d) Payment of compensation by Israel for Arab property in Israel Jerusalem.
- (e) Israel to permit Arabs with property in Israel to visit that country and to liquidate their belongings.
- (f) Jordan to have a free zone in Haifa Harbour and transit rights thereto.
- (g) Israel to have access to Scopus and the Wailing Wall but no sovereignty over those places.

Shiloah said that the King had made a most important proposal which might well enable real progress to be made towards a settlement. He could not offer further comment without consulting his principals but would report back on Tuesday.

4. I am seeing the King and Prime Minister over the week-end and will report further on Monday.

IMMIGRATION PROBLEMS IN ISRAEL

Sir K. Helm to Mr. Bevin. (Received 24th February)

(No. 52. Confidential) *Tel Aviv,*
Sir, *17th February, 1950.*

On several occasions since in my despatch No. 5(1) of 20th May, 1949, I dealt generally with the question of Jewish immigration, I have kept you informed of the progress of the flow and of the increasing burden which it has placed on the economy of the State. Yet the flow continued to such an extent that some 340,000 Jewish immigrants reached Israel in the first twenty months of its existence and the financial strain has become such that, although the principle of the open door is maintained, immigration this year will, as I reported in my despatch No. 43 of 3rd February, be restricted in practice to a maximum of 150,000—a figure which may be further reduced unless finance becomes more abundant than at present seems likely.

2. From the economic point of view this is a step in the right direction. But its effects will be slow in making themselves felt, for even to-day there are 85,000 immigrants in the clearance camps and at least another 5,000 in labour camps. These, unlike the immigrants of the Mandate period, have come entirely unprepared. The vast majority are without means, many are old or very young. They are for the most part unskilled and untrained and few have ever previously done manual labour. Even in the absence of further arrivals their absorption would therefore take a long time. Meanwhile their lot is a pitiable one and the exceptional winter conditions of the past two months must have taken a heavy toll among them. The facts about this are of course little publicised though it is true that the local press has carried stories of collapsed tents, flooded camping grounds, absence of heating and shortage of food, as well as appeals to institutions and householders to provide temporary housing for the young children. The rest can be left to the imagination.

3. But these 90,000 "unabsorbed" immigrants are only one part of the story, some more of which was revealed this week through figures issued by the Jewish Agency. According to these, 264,372

immigrants had been absorbed since the establishment of the State, 165,000 of them in the towns, 34,792 in villages, 27,195 in agricultural settlements, while 15,621 children, mostly orphans, became the care of the Youth Immigration Organisation. In addition, some 16,000 went into the armed forces and some 5,000 are in the labour camps referred to above. Of the first two groups some 130,000 apparently went to abandoned Arab towns and villages.

4. An important point is, however, the connotation of absorption. This does not mean integration but only that, having been given roofs over their heads, these immigrants are no longer the care of the Jewish Agency but have to fend for themselves with such assistance as governmental and other agencies may give. In other words, only the first step towards absorption has been completed. The problem of earning a living and becoming productive remains. What progress has been made with it I am unable to say, because the official unemployment figures are no reliable guide. One illuminating feature is, however, the comparatively small total of immigrants claimed to have been absorbed in agricultural settlements. (Those housed in former Arab villages fall of course into another category and have not necessarily taken up agriculture.) A second is daily visible to us in Tel Aviv where so many of the newly "absorbed" immigrants, with those who came before them, overcrowd this town, living on one another, but perhaps on balance drawing on rather than contributing to the economy of the State. A third, and perhaps the most important of all, is the 130,000 new immigrants settled in the abandoned Arab towns and villages, and particularly the 116,000 in former Arab towns—principally Ramleh and Lydda. By the very nature of things these towns were until very recently cut off from the main stream of Jewish activity and were non-industrial. Plans are in being for the establishment of industries in these new Jewish centres. But their fruition will take time. Meanwhile the bulk of these "absorbed"

(1) No. 9 in Israel Volume for 1949.

immigrants are a further burden on the State's economy. It is true that they and others are engaged on a part-time basis on public works, such as road making. But however useful the long-term result of their labours may be, it is not immediately productive and is again costly. Not only so, but the strict wage rates discipline of Histadrut makes it almost impossible in practice for the untrained tens of thousands to pick up regular employment at wages lower than the trade union rates.

5. One result of all this is that the previously much publicised high standard of living in Israel is now only partially a fact. Those who can obtain wages at Histadrut rates are highly paid and enjoy a relatively high standard of living. But there is now a large and steadily increasing minority which cannot get work, who are dependent on relief, and whose standard of living is therefore correspondingly low. Thus there are two standards of living in Israel. Not only so, but simultaneously classes are forming. The old resident is beginning to look down upon the new immigrant and, although Tel Aviv is distant only some ten miles from Ramleh and Lydda, there is little intercourse between them. They are for all practical purposes different worlds. Thus not only economic but also social integration is a problem which confronts Israel's Government and which would take long to solve even if further immigration were to cease tomorrow.

6. It might be expected that the state of affairs described in the preceding paragraphs would by this time have evoked dissatisfaction and protests on such a scale as by itself to cause the Government serious concern. Yet there has, as I have previously reported, been little evidence of this. Exceptionally some weeks ago there were reports of trouble in a clearance camp.

But this was quickly overcome after the police had to be called in. And this week I witnessed in Tel Aviv an entirely orderly demonstration by some 150 "absorbed" immigrants from Ramleh and Lydda carrying banners calling for food and work. These are, however, isolated incidents. On the other hand, the papers announced the other day that up-to-date some 27,000 immigrants had returned whence they came—mainly from North Africa, having retained their French nationality, and the Israel authorities being not unwilling to let them go. Some time ago the United States Consulate-General in Haifa closed its books for applications for emigration to the United States when the waiting list had reached 25,000. My Australian colleague tells me that since the opening of his legation in December he has been bombarded with applications for visas to Australia. These he has refused to entertain.

7. All this clearly adds up to the fact that many of the immigrants are disillusioned by their experience in Israel and that other Jews in the countries whence they came must know this. Yet, not only does the flow continue, but the blind faith of the Jews in themselves and the future of Israel shows no evident sign of weakening. They seem to be held together by a mighty purpose and to take with almost complete resignation (if not with a certain pride) the hardships which undoubtedly confront them.

8. I am sending copies of this despatch to the British Middle East Office in Cairo and to His Majesty's representatives at Washington, Cairo, Bagdad, Beirut, Damascus, Amman, Jedda and Jerusalem.

I have, &c.

A. K. HELM.

TENDENCIES WITHIN THE AMERICAN JEWISH COMMUNITY

Sir F. Hoyer-Millar to Mr. Bevin. (Received 20th February)

(No. 123. Confidential) *Washington,*
Sir, *17th February, 1950.*

I have the honour to submit some short observations on the tendencies within the American Jewish community. The present developments which may have far reaching effects on the whole position of Jewry in America arise from the establishment of

the State of Israel and its continuing struggle for existence.

2. I am led to believe that for the foreseeable future Israel is completely dependent on the charitable contributions of American Jews. The American Zionists are aware of this fact and do not let their co-religionists forget it. The contributions

last year for Israel amounted to approximately \$23 per head of the five million or so American Jews and the target for 1950 more than doubles that figure. This desperate need for funds in Israel has led nationalistic American Zionist groups to seek two objectives: first, to secure absolute priority for Israel's needs in all Jewish charities; and secondly, to gain a complete control of the activities of the whole American Jewish community. The first objective has, temporarily at least, been achieved at the cost of some grumbling. The battle for the second is now thoroughly joined.

3. In the vanguard of the movement to control the whole of American Jewry is the Zionist Organisation of America under the leadership of Daniel Frisch. In a short publication entitled "The Democratisation of the American Jewish Community" he deplores the fragmentation of American Jewish life as well as "the lack of authority and order" in the American Jewish community. He proposes the organisation of the community into what is in fact a Jewish state within America with elected organs culminating in an "all American Jewish representative body." This last named body might even have room in its structure "for the Jewish National Organisations as a sort of Upper House." However reasonable this proposal might seem on paper it may have extremely undesirable results.

4. The undesirable results arise from the fact that it is the intention of the Zionist Organisation of America to dominate the Jewish community. The unfavourable reaction of certain other Jewish bodies to the proposal clearly reveals this. In fact the tactics, the determination and skill of these extreme nationalistic Zionists are strongly reminiscent of the process whereby the Communist Party succeeded during the

post-war years in gaining ascendancy over the Social Democrats and Liberals of Eastern Europe. The Zionists appear to have the same technique of proposing "reasonable" coalitions as a first step in destroying their rivals for power. The domination of the American Jewish community by the Zionists and its organisation on the lines proposed by Dr. Frisch may be of great temporary benefit to Israel but can only serve to emphasise the isolation of the Jewish community in America. Whilst a good deal of space is occupied in the press and in periodicals by the philosophical discussion of the "dual loyalty" of American Jews the question has not yet become a matter for comment by the average American. Adverse comment on Jews and Jewish activities will not however be long delayed if the whole American Jewish community organises itself and occupies itself in tasks primarily for the benefit of Israel. There is a strong vein of anti-Semitism in the make-up of Americans and it is reasonable to think that this will not remain dormant if the Zionists continue to put so much emphasis on "apartness" of Jews and their obligations to Israel.

5. The future will depend very much on the World Zionist Congress which is to be held in Jerusalem during the coming year and which may have a profound influence on the course of Zionist policy in the United States and its relation to Israel. American Jews by no means present a united front and there is a danger of serious differences arising, not only between Zionists and their Judaistic opponents but between Right- and Left-wing elements.

6. I am sending copies of this despatch to His Majesty's representatives at Tel Aviv and Jerusalem and to the British Middle East Office.

I have, &c.

F. HOYER-MILLAR.

ER 1015/15

No. 8

POLITICAL SITUATION IN ISRAEL: THE RELIGIOUS BLOC AND THE EDUCATIONAL ISSUE

Sir K. Helm to Mr. Bevin. (Received 2nd March)

(No. 55. Confidential) Tel Aviv,
Sir, 24th February, 1950.

In my despatch No. 170⁽¹⁾ of 25th November, 1949, I stressed the influence being exerted in Israel by the religious groups,

particularly in educational matters, and speculated whether the rabbis were waging a losing battle. I now have the honour to inform you that this issue has assumed great importance in the last six weeks

⁽¹⁾ No. 34 in Israel Volume, 1949

and produced something approaching a Cabinet crisis as well as raising a constitutional issue.

2. On 9th January, the religious bloc put out a press statement threatening to withdraw their representatives from the Government and the Jewish Agency if their demands for religious facilities and education in the immigrant absorption camps were not satisfied. It was alleged that the Cultural Department of the Ministry of Education was discriminating against religious teachers and pupils and had used economic pressure, including threats of deprivation of employment and of housing facilities, to make them accept a secular education. The State of Israel still recognises, as did the mandatory Government, the simultaneous existence of four legitimate "trends" in education, corresponding to four ideologies: the religious trends of the Mizrahi and Agudists, the general trend, which is more or less neutral, and the Labour trend, which is Socialist and organised by the Histadrut. In the main the complaints of the religious bloc amounted to this: that the educational officials in camps, who in the great majority are adherents of Mapai, had been imposing the Labour trend on immigrant children and in particular on the "orientals" from the Yemen and North Africa.

3. At an early stage in the dispute an independent committee was set up to examine the allegations and on 2nd February a ministerial committee was authorised to decide on the system of education to be applied in the camps: it consisted of two ministers of Mapai and two of the orthodox bloc, under the "neutral" chairmanship of the Minister of Police, a Sephardi. But agreement was not reached and agitation continued. It so happened that a National Convention of rabbis was due to meet in Jerusalem on 5th February: among other things it adopted a resolution calling on the Government to give teachers of religion complete freedom to educate immigrant children in the traditional faith and further demanding that it should expel from the camps those instructors alleged to be inculcating anti-religious feeling among the newcomers. Various compromise proposals were then put forward, but the orthodox took the line that as the orientals were known to be religious their children must all be educated as such.

4. Religious Jews in other parts of the world also joined the fray. It was in connexion with this dispute that on 1st February the Prime Minister sent to the religious bloc's supporters in America the strongly-worded telegram, rejecting their interference, to which I referred in paragraph 8 of my despatch No. 43⁽²⁾ of 3rd February. This did not, however, deter the American rabbis from telegraphing a further protest on 17th February. A similar protest was also sent from South Africa.

5. The dispute took a more serious turn when the religious bloc proceeded to carry out its threat of non-collaboration with the Government. On 9th February the three Ministers of the bloc, Mr. Shapiro (Interior, Immigration and Health), Rabbi Maimon (Religious Affairs), and Rabbi Levin (Social Welfare), absented themselves from a Cabinet meeting and declared their intention of staying away until satisfaction was given them. For the next ten days they continued to boycott the Cabinet. Tension in the camps grew and resulted in disturbances over small incidents not connected with the educational issue. On the 19th the Prime Minister sent a note, couched in typically sharp terms, to each of the absentees, warning them that if they did not attend an extraordinary Cabinet meeting convoked for the 21st, to discuss the principle of collective Cabinet responsibility, he would regard them as having resigned and would so inform the Knesset. They did not attend and later explained in the Knesset that their failure to do so was due to the fact that Mr. Ben Gurion's ultimatum had been announced to the press in "provocative tones" by the Public Information Office. They did, however, inform the Prime Minister of their intention to attend a Cabinet meeting on 22nd February which had the camp education problem on its agenda. In the circumstances, Mr. Ben Gurion held his hand, but on the 21st he left his sick bed in Tel Aviv to make an important declaration in the Knesset which touched on constitutional issues.

6. The Prime Minister read to the Chamber the following decision which had been adopted earlier that day by the Cabinet:—

"In accordance with the basic principles adopted by this Government on 9th March,

⁽²⁾ No. 3 in this Volume.

1949, which lay down the collective responsibility of all its members, the Government decides—

- (a) that any Minister wilfully absent from Cabinet meetings or declining to implement Cabinet decisions shall be regarded as having resigned and his portfolios and authority shall pass to the Prime Minister pending the appointment of a successor; and
- (b) that the Prime Minister shall report the incident to the next meeting of the Knesset and if the House does not express non-confidence, the Government shall remain in power without the resigning Minister."

In making this declaration, Mr. Ben Gurion did not ask for Knesset action or suggest any doubt about the constitutional right of the Cabinet to make such a pronouncement. In answer to a question, he stated that the principle would become effective as from the following day, and intimated that it would not have retro-active effect. He refrained from expressing any opinion on the education issue itself, which is due to be debated in the near future.

7. The decision touches on a point of constitutional procedure: the method by which a Minister can be dropped from the Cabinet. *Hazofeh*, the religious *bloc* newspaper, had that morning implied that the Cabinet could not require Ministers to resign but could only submit the entire Government's resignation to the Knesset. Mr. Ben Gurion rejected this view on the ground that if it were accepted a single recalcitrant Minister could force the whole Cabinet to resign—which is precisely the point at issue. He was, however, on firmer ground in pointing to his Government's Four-Year Programme which was approved by the Knesset last year. Collective responsibility was an important point in it, and if Cabinet members continued to direct ministries without participating in Government meetings, they were depriving their colleagues of their share of responsibility for the conduct of the ministries concerned, and also declining their own share of responsibility for Government policy in other spheres. A Minister who felt unable to share responsibility was free to resign and to table in the Knesset a motion of non-confidence in the Government.

8. Spokesmen of the Opposition parties, Mapam, General Zionists and Heruth,

pressed for an immediate debate on the Prime Minister's statement. A counter-motion to pass the matter to the Constitutional and Legislative Committee won the day by 42 votes against 34. It was noticeable that two prominent Mapai members of the Government, Mr. Kaplan and Mrs. Myerson, abstained on this vote—due, I am told, not to any difference of opinion in the Cabinet, but to a desire to placate the religious *bloc* whose defection at this time would weaken the Prime Minister's hand in his endeavours to get the General Zionists and Mapai to join the Government. The religious *bloc* also abstained, thus appearing tacitly to accept the principle laid down in the Government decision. They did not in fact argue against it, but complained that the Cabinet had pursued a policy of deliberate procrastination over the whole question of religious education in the camps. On the following day the Parliamentary Committee to which the Prime Minister's statement had been referred began its discussion, many of its members disputing the legality of the Government's ruling. The Mapai members of the Committee asked for a postponement and when their request was refused, absented themselves in their turn. More is therefore likely to be heard of this constitutional point, which itself is linked up with a general Knesset debate which began three weeks ago and still spasmodically continues, on whether Israel should have a written constitution. I will be reporting on this debate on its conclusion.

9. Meanwhile controversy continues on the educational issue. The orthodox Ministers appeared at the Cabinet meeting on 22nd February armed with a surprise agreement between their followers, the Miph'al Hatorah (talmudical schools) and the Oved Hadati (the small religious section of the Histadrut), that they should all jointly sponsor a united system of religious schools in the camps. This, they claimed, should be presented to parents as the only religious school system, while the other recognised systems should be labelled "irreligious." The object of the merger was to forestall the introduction of special labour-trend schools with a religious slant which the Histadrut had proposed to set up through the agency of the Oved Hadati group, thus in effect creating a kind of fifth "religious-labour" trend controlled by Mapai rather than by the rabbis. The

struggle for and against this last proposal has lain behind the controversy throughout its more recent and acute phase, and the religious party have carried out a successful manoeuvre. The Cabinet, however, appears to have insisted on keeping to the procedure laid down by law. Leagues and parties had been negotiating and sparring for position as though education was their own private concern rather than that of the Government and parents. Under the existing Compulsory Education Law, it is for parents to decide which educational trend their children are to follow and for the Minister of Education to make what arrangements are possible to respond to their preference. The Cabinet decided to extend this principle from the settled population to the camps by holding a referendum among parents in the camps to permit them to choose what schools they want their children to attend. It is, of course, convenient for the Government that the Minister of Education, Mr. Shazar, is a member of Mapai. (He has, however, done very little in the last six months owing to illness, and his Ministry is itself divided into the four trends and has not even a Director-General.) The religious *bloc* Ministers, unless they resign, must share collective responsibility for this decision, but they will probably have strong views about the type and method of approach to be made to the parents at the referendum.

10. The whole question is extremely complicated and it is impossible for me to predict the outcome. But developments so far seem to justify the following analysis. The present Government was based, among other things, on an agreement on education between Mapai and the Religious Front whereby party influences in educational matters were accepted. The Progressive and Sephardi Parties, who also participate in the Government coalition, prefer non-ideological education, but their influence has been too small to affect this agreement. Outside the Government, Mapam also favours the present system whereby each political ideology is given a free hand to "capture" the coming generation for itself. At first the system worked smoothly. The labour-trend, backed by powerful influences in the Government, the Jewish Agency and the Administration, was the main gainer. Propaganda and other means were successfully used to bring the children

of the new immigrants into the labour fold. But the promoters of the labour trend overreached themselves.

11. The camp population now contains a far higher proportion of religious Jews than it did a year ago: it is said to be as high as 75 per cent. The Yemenis, 35,000 of whom, with their own rabbis, have arrived during the last six months, have proved particularly recalcitrant to secular education. Agitation spread in the camps and the complaints of their inmates were echoed by the Chief Rabbinate, by the religious parties and by their supporters abroad. The orthodox reacted to labour pressure by claiming that all "orientals" must be given a religious education whether they opt for it or not. This claim is in itself a departure from the principle of freedom which their opponents are alleged to have violated. But the Government, by its latest decision, appears to intend to give parents the free choice to which they are entitled by law.

12. It remains to be seen how a referendum can be held and its results applied in the floating population of transit camps. But apart from that, the compromise agreement on education has not proved a firm basis for a Government coalition. Nor can it be a firm basis for the State. The battle of the schools will go on so long as the State does not acquire a unitary educational system under Government control. Special arrangements may have to be made to satisfy the demands of ultra-religious parents, but the present system of open ideological competition is harmful to education in general and to the education of new immigrant children in particular. The coming debate on education should throw an interesting light on the state of public opinion, which appears to be veering towards unification.

13. I think, however, that the fundamental issue is that which I mentioned in my despatch No. 170⁽¹⁾ of 1949, i.e., whether or not religion, which has held the Jewish race together for 2,000 years, is or is not to dominate the State of Israel. But for the flood of unrestricted immigration of the past eighteen months the answer would hardly have been in doubt. But that flood, and particularly its nature, has changed the balance and provided the rabbis with large quantities of human material from North Africa and the Yemen which they regard as their own. On this ground they

⁽¹⁾ No. 34 in Israel Volume for 1949.

had to stand unless they were to resign themselves to the steady decline of their influence. The battle may be a long one and it may shake the new State to its foundations, but its outcome cannot fail to be of vital importance to the future development of Israel.

14. I am sending copies of this despatch to the British Middle East Office in Cairo, and to His Majesty's representatives at Cairo, Amman, Bagdad, Damascus, Beirut, Jedda and Jerusalem.

I have, &c.

A. K. HELM.

ET 1051/4

No. 9

HIS MAJESTY'S GOVERNMENT'S TREATY OBLIGATIONS TO EGYPT AND JORDAN

To Sir R. Campbell

(No. 163. Confidential) *Foreign Office,*
(Telegraphic) 26th January, 1950.

Following for Secretary of State from Minister of State:—

His Majesty's Ambassador has been asked to tell you that the Legal Adviser has now ruled that in the event of an Israeli attack on either Jordan or Egypt in Arab Palestine (including Gaza strip) our treaty obligations would come into play.

2. The Jordan Government have independently reached the same conclusion and have so informed His Majesty's Minister at Amman in a letter of 10th December to which no reply has yet been sent. Failing a reply on our part they will presumably assume that we concur.

3. Our feeling here is that our primary interest is that a settlement should be reached between Israel and Jordan, and subsequently between Israel and Egypt, as soon as possible and that any notification in the above sense (public or private) to

either the Jordan or the Egyptian Governments would have the effect of stiffening their attitude in their negotiations with Israel. It would probably also expose us to renewed charges in Israel and United States that we are partisan as between Israel and the Arabs. Subject to your views I consider therefore that we should confine ourselves at present to informing the Jordan Government in reply to their communication that we will formally indicate to them our views in regard to our treaty obligations when their frontiers with Israel have been finally settled. This is in line with what we told them in our telegram No. 959 of [21st December] 1949 to Amman.

4. You will perhaps also feel that in view of the delicacy of the treaty issue with Egypt no mention of the subject should in any case be made to the Egyptians at present.

5. You will no doubt wish to inform your colleagues and the Chiefs of Staff on your return when you have thought this over.

ER 1016/6

No. 10

COMMUNIST ACTIVITY AMONG ARAB POPULATION OF ISRAEL

Sir K. Helm to Mr. Bevin. (Received 6th March)

(No. 57. Confidential) *Tel Aviv,*
Sir, 24th February, 1950.

I have the honour to transmit to you the accompanying copy of a despatch addressed to me by His Majesty's Consul-General at Haifa, regarding Communist activity among the Arab population there.

2. As I indicated in my despatch No. 27 of 21st January, the Arabs are the most fertile element in the population of Israel for Communist penetration. In agreement

with myself, Mr. Ezard has been making a study of Communist activities in Northern Israel, to which, of course, the present Arab population of Israel is largely confined. In a subsequent report he will be dealing with the position in Nazareth and the surrounding area, and I anticipate that he will also have something to say at a later stage about the degree of penetration, if any, among the majority Jewish population. After the receipt of Mr. Ezard's further reports I

propose to sum up the position as I see it for the whole of Israel.

3. Meanwhile, it is clear from Mr. Ezard's present despatch that the Communists are making considerable headway among Haifa's 5,000 Arabs. Party membership is insignificant but support is considerable and, though I should doubt whether, as things are now, the Communists could, as Mr. Ezard suggests, hope to raise their present Knesset membership of three to as many as twelve at a fresh election, there is every likelihood that even to-day it would be appreciably increased.

4. For this, as is hinted by Mr. Ezard, the Israel Government is itself largely responsible, for it is clear that the success of the Communist effort is due far less to sympathy with Communist principles (about which the Haifa Arabs probably know little) than to Arab dissatisfaction with their treatment at the hands of the Israel authorities, and to the fact that the Israel Communist Party, for reasons of its own, has gone out of its way to woo the Arabs. On the other hand, the mere fact that the Communists have chosen to identify themselves so closely with the Arabs is itself something of a reinsurance against Jewish Israelis rallying in any considerable numbers to the Communist flag. Yet this affords no ground for complacency. Apart altogether from the rights of the Arab population as a minority, it would seem to be clearly in the interest of the Israel Government to take steps to redress at least some of their grievances and so to slow down or avert the consolidation of Israel Arab support for communism which contains its own dangers and which could in its turn make the Arab minority problem an even more difficult and delicate one than it is to-day. Unless and until there is some such redress or the Communists change their tactics, there can be little hope of ordinary ideological anti-Communist propaganda making serious headway.

5. Meanwhile, as Mr. Ezard points out in paragraph 6 of his despatch, the Israel police are keeping an eye on the activities among the Haifa Arabs. And since his despatch reached me I have read in the press that the house of Mr. Toubi, the Communist Deputy, has twice recently been subjected to search. This is at least something. But it takes no account of the real problem to which I propose to draw the attention of responsible Israelis as opportunity offers.

6. I am sending copies of this despatch to the British Middle East Office, to His Majesty's Ambassador at Moscow and to His Majesty's Consul-General at Haifa.

I have, &c.

A. K. HELM.

Enclosure in No. 10

Consul-General Ezard to Sir K. Helm
(*Tel Aviv*)

(No. 3.)

Haifa,

Sir,

17th February, 1950.

I have the honour to report that on the strength of enquiry I have made in Haifa into Communist activity among Arabs in Northern Palestine—and it is hoped to supplement this report shortly after touring the country districts—the Communists in this area would appear to have recovered much of the ground lost when in the early days of the new State they failed in their promises to find regular employment for the Arab population, and the local party leadership is now claiming that the popular support they enjoy among Arabs in Israel was trebled in 1949, and will be “overwhelming” by the end of 1950. Non-Communist opinion considers these claims exaggerated but there is substantial agreement that the party are indeed making progress in the winning of popular sympathy.

2. The principal official instrument of Communist propaganda among Israel Arabs is, as you know, the newspaper *Al-Ittihad*, edited by the Knesset member, Toufik Toubi, published in Haifa weekly on Sundays and selling at 20 mils a copy. Toubi's collaborators in running this paper are the notorious Emile Touma, who is also Communist organiser in Nazareth, and two other well-known local Communists, Emile Habiby and Hanna Nakkara. The growth of Communist influence is not seemingly to be measured by the circulation of *Al-Ittihad*, for Touma told Mr. E. J. Hazou, of my staff, who knows him well, that only 1,500 copies of the newspaper are printed and that maximum sales in Haifa are 400 copies, in Nazareth 600 copies, in Acre 100 copies and in Tarshiha 60 copies. Free copies are sent for distribution to Arab villages and others to underground Communist movements outside Israel. An attempt by the same group to launch a Communist Youth paper, *Saut Esh-Shabiba*, was not a successful venture and only one edition appeared. This was in

December and was dedicated to Stalin's seventieth birthday.

3. It has not so far been possible to discover a reliable figure for Communist membership in Northern Palestine but the actual registered membership is believed to be quite small and in Haifa itself no more than seventy (in an Arab population of 5,000), although *Al-Ittihad* claimed, in typical Communist fashion, that a target of 500 new members aimed at in a campaign last summer had been exceeded by 200. However, the local party leadership insist that neither the circulation of *Al-Ittihad* nor the numerical strength of party membership is a gauge of the dimensions of popular sympathy, and in support of this contention point to the disparity between their registered membership and votes cast for Communist candidates in the Knesset election of 1948, when Nazareth with twenty members gave 3,000 votes to the Communist Party, Haifa with fifteen members had a Communist vote of 4,000 and in Acre 300 votes and only five registered members. According to my information, the policy of the Communist Party in Israel does in fact remain the cultivation of popular interest and support rather than the expansion of membership, and on this basis they expect to elect at least twelve members to the next Knesset.

4. This popular support among the Arabs the Communist Party are seeking to gain in a number of ways. The ideological and international approach is avoided, or at least is oblique rather than direct, and the appeal is the deviationist one to purely Arab interest and even national sentiment: this seemingly a recognition of the immaturity of the material from the Communist standpoint and in no way an indication of Titoist thinking in the leadership. In the party newspaper Toufik Toubi is represented as the indefatigable champion in the Knesset of Arab interests of whatever nature, and all his statements in the Knesset are reproduced and elaborated. At every opportunity, in *Al-Ittihad* and elsewhere, the U.S.S.R. are held up as the only hope for Arabs against exploitation by the Anglo-American imperialists, and the Western Powers behind the Economic Survey Group are Greeks bearing gifts and equally to be mistrusted. The general method and line of the propaganda is typified in a leaflet, distributed in the Arab quarter of Haifa this week, seeking signed pledges of support for the Communist platform in the

Knesset and urging promotion of an Israel-Soviet alliance! In our own particular case, great play can be and is being made of the charge that Britain was alone responsible for the Arab flight from their homes in Palestine. Inevitably this is an effective line among the Arab refugees, of whom there are at least 15,000 in Northern Palestine (I am preparing a further report on their situation), and among others suffering disabilities at Jewish hands under the Absentees' Property Ordinances.

5. Until recently the Arab Communists held regular weekly rallies at the Armon Theatre in Haifa, but these meetings have been discontinued following fusion of the League of National Liberation, as the Arab Communists formerly called themselves, with their Jewish counterpart in the Israel Communist Party. At present the main activity is centred at the Party House in Wadi-Nisnas which serves as a party headquarters and editorial office of *Al-Ittihad* and devotes three rooms as a club for Arab youth. I am told that at present no regular and formal lectures are being given there but that the leaders are relying upon personal contact, mixing and conversing with the visitors. Mikunis, Vilmer and Vilenska, Jewish members of the Party Central Committee, are also constantly at this Haifa centre. From the party headquarters in Haifa tracts and speakers are sent out to village clubs in Western and Lower Galilee.

6. The Communist Party being a legal organisation in Israel, there is no open interference with their operations by the Jewish authorities in Haifa, but it is known that the Security Section of the Police are watching activities. Outside the official domain, effective anti-Communist forces in Haifa are, first, the Greek Catholic Church, which is much the largest among the Christian communities; second and rather less purposeful, the Histadrut; and, third, the informal Moslem Council which exercises an unofficial control over the Moslem community. Histadrut now have a club for Arab youth in Wadi-Nisnas in competition with the Communist club; but their privileged position for providing work is a much more important factor in the situation, as unemployment and under-employment are at the root of Arab discontent and their acceptance of Communist propaganda. Moreover, the Histadrut club has not proved particularly successful in winning young men away from the Communist centre. Archbishop

Hakim, head of the Melkite Church (Greek Catholics), is conducting the campaign against communism on religious grounds, and I am reliably informed that Communists and sympathisers number less than 10 per cent. in his community of 2,000: this, as will be seen later, is a favourable situation compared with other Christian Arab communities. Bishop Hakim has excommunicated members of his Church joining the Communist Party and those connected with the publication of *Al-Ittihad*, which paper naturally denounces and traduces him in every issue: and which, in turn, he forbids members of his Church to read. In the Moslem community of some 1,300, mostly of the labouring class, the majority find employment in the port and under the Municipality, and their leaders, Mohamed Bastoni and Nur-ed-Din Abassi, are faced with no very serious problem in combating communism, which at most has 10 per cent. support in the Haifa Moslem community.

7. The situation in regard to Communist penetration is at its worst in Haifa in the Greek Orthodox community of 900, of whom quite a number are actual party members and not less than 70 per cent. are tainted with Communist sympathies. The community includes such Communist intellectuals and leaders as Toufik Toubi, Emile Touma and Hanna Nakkara, who have gained control of Communal Council and its extensive property holdings in Haifa (there is already talk of misappropriations in the interests of the Communist Party), and look like being successful in expelling their Archimandrite Ignatius, who was resisting them, on the pretext that he is a Greek: another interesting example of the Communist readiness to exploit nationalist sentiment whenever it serves their purpose. In the small Arab Roman Catholic community of 200, the Communists have made considerable headway, some 30 per cent. of them, according to my information, being within the Communist camp. Boulos Farah, the only Moscow-trained Communist among the Arabs and founder of the League of National Liberation—he has broken with the other Communist leaders here—belongs to this community. In the Maronite and Protestant Arab communities, numbering, respectively, 300 and 100, Communist sympathisers are only 10 per cent. In the case of the Maronite Church, this position may be due to the influence of Bishop Hakim of the Melkite Church, as this community acknowledges him as their spiritual leader.

8. The source of the income needed to meet the cost of Communist activities in Haifa and Northern Palestine remains something of a mystery, for there seems to be a wide gap between the total of visible receipts and the amounts being spent. The senior editorial staff of three in *Al-Ittihad* are paid £90 a month and six lesser employees salaries ranging between £35 and £50 a month, so that the annual wage bill alone must be well over £5,000. Sales of the paper, on the basis of 1,200 copies at 20 mils, may produce £1,200 in a year. Then there are, if one considers operations not only in Haifa but in Northern Palestine as a whole, the wages and travelling expenses of twenty-six known full-time agents (who are said to live quite comfortably), presumably costing about £15,000 a year, and other items such as hire of premises. The income from membership dues must be meagre, and the party's main income comes professedly from periodical campaigns to collect funds. The last of these campaigns was in July 1949 and, if one is to believe *Al-Ittihad*, raised £5,000 (apparently in Israel as a whole). Apart from its share in these party funds, the Haifa branch claims to enjoy an income from the operation of two co-operative groceries and a small restaurant, which latter, as it serves meals at a maximum price of 130 mils, seems much more for propaganda than a profit-earning concern.

9. On the basis of visible revenue and expenditure, the Arab section of the Communist Party in Israel seems to be over-spending at least £15,000 a year. An unknown amount is raised in a more or less regular manner by charging workers placed in employment by the Communists with a percentage of their wages (which, I am told, may be as high as 30 per cent. on the first month's pay), but after allowing for income from all probable and improbable legitimate sources, there appears to be a heavy deficit. The Roumanian ship *Transylvania*, calling regularly at Haifa, is believed to have brought supplies of currency, but latterly a *cordon sanitaire* has been thrown about this ship from the moment of her arrival until her departure, and she may have ceased to be a practical channel. At present suspicion is understood to attach to a Tel-Aviv firm, Palwood, timber importers, whose sales in Israel may produce funds to balance the Communist budget. The Arab leaders are known to be in contact with the Soviet Legation in Tel Aviv—they were guests at the Minister's

official cocktail party in December—but apparently the Legation is not thought to be a direct intermediary in financing Communist activities in Israel.

10. I hope quite shortly to report on Communist activities in Nazareth, Acre and in the villages and countryside of Galilee. In Nazareth the Arab community is predominantly Christian but the village populations are mainly Moslem, and the distribution of Communist influence will presumably be affected by some differences

in the attitude of these communities. While undoubtedly economic considerations are the decisive factor, I feel that the altered social status of the Arabs in Israel may also predispose them to be receptive to Communist propaganda and that, of the two communities, Christian and Moslem, the Arab Christians are likely to be more sensitive in this respect, as on the whole they have had more to lose.

I have, &c.

CLARENCE EZARD.

ER 1015/20

No. 11

POLITICAL SITUATION IN ISRAEL

Sir K. Helm to Mr. Bevin. (Received 25th March)

(No. 71. Confidential)

Tel Aviv,

15th March, 1950.

Sir,
You are generally aware of the negotiations which have been in progress during recent months designed to bring Mapam into the Government coalition. I have the honour to inform you that these now seem finally to have broken down.

2. I will not trouble you with the detail of these protracted negotiations, which were meagrely reported and very difficult to follow. Some background may, however, be useful. Mapai and Mapam are both strongly Zionist and both Socialist parties. Mapam, with its strength in the kibbutzim, regards itself as the pioneering party *par excellence*, but its socialism is doctrinaire and rigid. Mapai, on the other hand, while no less convinced Socialists, are more moderate and their policies have been tempered by the facts of Israel's present position. In matters of basic Socialist principles, however, there is little between the parties and it seemed natural to many in both that the two should co-operate to see the country through the present times of stress. Thus, for the past year there have been constant moves towards reconciliation but they have foundered on Mapam's rigidity, complicated by personal dislikes between the leaders of the parties.

3. Nevertheless, the possibility of reconciliation was kept alive. In this matter Mapam itself seems to have fallen into three broad groups; the members of the mixed settlements (Hakibbutz Hameuchad) led by Mr. Galili (most Mapam members of these settlements belong to the Achdut Avoda—Labour Union—which up to a few years

ago was part of Mapai), the members of the Hashomer Hatsair settlements and the group of fellow-travellers round the unprincipled Dr. Sneh (a former General Zionist). At first the Government seems to have hoped that the first group could bring the party to agree to collaboration, or, failing that, would secede. These hopes, however, were not realised and towards the end of last year some of the leaders of Mapai, notably Messrs. Kaplan and Sharett, became impressed with the desirability, as the economic situation became more difficult, of more actively seeking to bring Mapam into the fold. Also, it is believed that Mr. Lubianiker, the secretary-general of the Histadrut, strongly favoured a determined effort to come to terms with Mapam in the interest of trade union harmony and of the Histadrut's wage-freezing policy. This and the speech of the Israel Prime Minister, reported in my despatch No. 169⁽¹⁾ of 25th November, in which he appealed for a broadening of the Government coalition, were the background to the latest phase of the negotiations in which Mr. Ben Gurion himself played a part.

4. At one stage the negotiations seemed to be making progress when various inter-party committees were formed. But neither side felt able to make material concessions and the Mapam leaders merely referred the results of the committee's work to their Central Committee, which in turn passed the whole issue to the party's General Council of several hundred members which finally met at Petah Tiqva on 6th and 7th March. It has not been revealed what

price Mapai was prepared to offer for Mapam's co-operation, but the resolutions adopted by the Mapam Council meeting, a copy of which is enclosed, are merely a repetition of the party's platform. They appear to have been adopted over much milder conditions proposed by Mr. Galili's section and represent a victory for the more doctrinaire and Left wing of the party. Though by putting them forward Mapam have ostensibly put the ball back into Mapai's court, they are clearly unacceptable to Mapai and negotiations must be regarded as virtually at an end.

5. In sticking to their party platform, Mapam have shown no spirit of compromise. The basic divergence appears to lie in economic policy and over army matters. It would, for instance, be impossible for Mapai to agree to the demands under items 4 and 5 of the resolutions without undermining the policy they have been following hitherto, of attempting to control inflation and to encourage foreign investment in Israel. On the other hand, had Mapam agreed to compromise on these economic issues, much of its *raison d'être* as a separate party would have disappeared.

6. So far as the other points are concerned, Mapai could hardly have conceded to Mapam freedom to contract out, as it were, on issues on which they disagreed with the Government. The emphasis laid on the non-application of the Anglo-Jordan Treaty to Arab Palestine in the event of an agreement being made with Jordan is also worthy of notice, but, as worded, would hardly seem to have been an insuperable obstacle to agreement. The same applies to the general line of foreign policy regarding which I am told that agreement would have been possible and to the section on the Arab minority, of whom Mapam with the Communists are joint champions, since even the Government has begun to see the light on this question.

7. The situation invites speculation on future developments. Undoubtedly certain members of Mapai held, and still hold, hopes of being able to split Mapam. This seems to me unlikely in the absence of unforeseen developments. Rather do I think it probable that, after the proceedings of last week's council, the various wings of Mapam will temporarily reconcile their differences and possibly intensify their opposition to the Government and in the Histadrut. They are the most dynamic force in Israel politics to-day and the

economic and labour situation provides them with ample material for criticism. Tactically also, an Israel-Jordan agreement, if concluded, would be grist to their mill and in opposing it they would have the thorough-going support of the expansionist Heruth. And it can of course be accepted that the Communist will seek to attract them. But it seems to me that the very fact that Mapam, in deciding against participation in the Government, should not have split, affords some guarantee against Communist success, for there should be no danger at least of the group led by Mr. Galili taking the Communist path. Yet the unscrupulous fellow-travelling Sneh element cannot by any means be written off and the manoeuvring of the party as a whole will require careful watching.

8. The Mapam position as I see it is that an accepted party decision to co-operate with Mapai would probably have been in the best interests of Israel. If, however, a split had occurred, one wing, possibly a minority, would have become merged in Mapai, while the other, if under Mr. Sneh's leadership, would have become Communist stooges. The maintenance of the unity and independence of the party, even outside the Government, is, I think, preferable to that. But it is only a second best, and the failure of the Mapai-Mapam negotiations represents a setback for Mr. Ben Gurion and his Mapai Ministers who are out to maintain national unity so long as it does not involve undue compromise with their principles. Simultaneously with their Mapam negotiations Mapai have been making overtures to the General Zionists. But these also have led nowhere, for just as, or even more than, Mapai could not compromise to the Left to secure Mapam support, so they cannot in economic matters compromise to the right to secure General Zionist support.

9. Failing both Mapam and the General Zionists, Mapai and the Prime Minister are therefore forced back on the existing coalition with the religious *bloc* and the two small parties, the Progressives and the Sephardim. The tactical position of the religious *bloc* has therefore been much strengthened and they may be expected to exploit it in matters of particular interest to them as, for instance, the religious education issue, described in my despatch No. 55 of 24th February. The Progressives and Sephardim for their part have no special axe to grind but they also have been restive of late, and concrete evidence of a not altogether secure Government position is that

⁽¹⁾ No. 32 in Israel Volume for 1949.

it has been twice defeated in the Knesset within the past fortnight.

10. Yet I do not want to suggest that Mapai's dominant position is seriously threatened. There is probably no other party which to-day could build a Government round itself and it seems still to enjoy majority support among the electorate. So long as it refrains from offending the special susceptibilities of the religious *bloc* its parliamentary position should be secure, and the religious *bloc* ought to realise that it cannot afford the extreme luxury of setting its price too high, inviting all the other parties in opposition on religious and cognate issues, and so in the last resort forcing itself out of the coalition. But at a time when acute problems are crowding in on the Government, the political position is one calling for delicate handling by Mapai, for the general unity which characterised the Israel political scene a year ago has made way for considerable differences of opinion and approach. These are still more apparent than real and I have no doubt that the Israelis remain essentially united. It is, however, none the less unfortunate that the long-drawn-out attempt to bring the two Socialist parties together should have ended in failure.

11. I am sending copies of this despatch to the British Middle East Office and to His Majesty's Representatives at Amman, Beirut, Bagdad, Cairo, Damascus, Jedda, Jerusalem and Haifa.

I have, &c.

A. K. HELM.

Appendix to No. 11

Mapam Conditions for joining the Coalition Government

(as summarised in the party's newspaper *Al Hamishmar* on 8th March, 1950)

1. Foreign Policy

(a) No agreement with Jordan to be signed without assurances that strategic bases will not be established in Arab Palestine and that the British Treaty with Jordan will not apply to this area. Mapam to be free to vote as it sees fit regarding the annexation of Arab Palestine by Jordan.

(b) No agreement to any political treaty, loan or economic plan "directed against anyone, or containing submissive conditions, or entailing economic dependence or political intervention."

(c) Support of the peace proposals made at the United Nations by the Union of Soviet Socialist Republics (ban on atomic weapons, restriction of armaments and agreement of the Great Powers).

2. Army

(a) Fair participation in all the defence organisations of the country (including return of the whole group of Mapam commanders who were dropped from the army).

(b) A joint committee of Mapai and Mapam to be attached to the Minister of Defence.

(c) Ensurance of the pioneering character of the army in respect of its structure, its régime and its training. Due weight to be given to the defence rôle of working-class settlements, particularly in frontier areas (arms to be supplied to settlements).

3. Arab Minorities

(a) An immediate end to be put to discriminations, and implementation of a plan to rehabilitate Arab life in the State.

(b) An agreed plan for immediate implementation of equality of rights for the Arabs in all spheres.

(c) Re-establishment of the Ministry of Minorities.

4. Economy and Taxes

(a) Agreement on the taxation system. Gradings aimed at reducing direct taxation and laying the main burden on those who can afford it.

(b) Planning of the national economy with a view to increasing production and ensuring full employment. Direction of local capital into productive investments.

(c) Centralisation of essential imports in the hands of the State.

(d) A guarantee that the State shall have the final say regarding the Potash Company concession.

(e) Freedom for Mapam to demand a property tax (capital levy) and to vote for it.

5. Wages

(a) No freezing of wages (cancellation of the Histadruth Executive decision). Rates of pay to be examined from time to time. Freedom to struggle for a fair standard of wages.

(b) No further reduction of the cost-of-living allowances until the new cost-of-living index is worked out.

6. Internal Policy

(a) The religious groups must be prevented from dominating the life of the State and education.

(b) Freedom to fight for a secular régime. A free vote to be allowed to

Mapam on any question concerned with freedom of conscience, such as civil marriage, public transport on the Sabbath import of non-kosher meat, religious taxes, &c.

(c) Cancellation of the Emergency Regulations.

(d) Freedom to struggle for a fundamental State Constitution.

ER 1106/1

No. 12

THE CO-OPERATIVE MOVEMENT IN ISRAEL

Sir K. Helm to Mr. Bevin. (Received 6th April)

(No. 85. Confidential) Tel-Aviv,
Sir, 29th March, 1950.

With my despatch No. 168⁽¹⁾ of 23rd November, 1949, I forwarded to you a study by Mr. Balfour of the communal agricultural settlements (kibbutsim) which are such a prominent feature of Israel life. It was of set purpose that that study did not extend to other types of settlements such as co-operatives. It seemed to me that the latter type of settlement, as part of the general co-operative movement in Israel, merited separate treatment and this I confided to Mr. Horn, First Secretary.

2. I now have the honour to transmit to you Mr. Horn's resulting memorandum. It is the fruit of many hours of enquiry, research and study conducted over recent months as his Chancery work permitted, and I consider that he merits much credit for it.

3. The memorandum is a mine of reliable information about the co-operative movement in Israel and its very nature makes it invidious for me in the scope of this covering despatch to select particular points even for brief comment. I would, however, remark that the movement is much more important than the mere figures of its members suggest. Its activities permeate the whole of Israel's agricultural, industrial and social life. And, perhaps most interesting of all, is the manner in which Mr. Horn's memorandum brings out the ramifications of the General Federation of Jewish Labour (the Histadrut) whose ultimate control over the co-operative movement is already well-nigh complete but which is being still further strengthened by the Histadrut's increasing financial participation in the co-operative industrial enterprises.

4. The fact of this omnipresence of the Histadrut is, of course, already known to you. But Mr. Horn's memorandum throws light on certain features of Histadrut's hidden powers which were previously unknown to me and makes me more desirous than ever of providing for you as complete a study as possible of its organisation and activities. This task falls properly into the sphere of my labour attaché and Mr. Thomas has already set about gathering the basic material. The preparation of his report will necessarily take time but I have no doubt that the prior and independent studies made by Mr. Balfour and Mr. Horn will have provided useful background and will also be complementary thereto.

5. I am sending copies of this despatch to British Middle East Office, Cairo, and to His Majesty's Representatives at Washington, Cairo, Bagdad, Beirut, Damascus, Amman, Jedda and Jerusalem.

I have, &c.

A. K. HELM.

Enclosure in No. 12

A.—The Characteristics of Co-operation in Israel—
The Ideological Background.
The Scope of Co-operation.
The Origins of Co-operation.
The Co-operative Hierarchical Structure.

B.—Agricultural Co-operation—
The Agricultural Centre.
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The Moshav.
The Choice between Moshav and Kibbutz.
Co-operative Marketing: Tnuva.
Agricultural Contracting: Yakhin.
Politics in the Agricultural Co-operatives.

C.—Industrial Co-operation—
The Co-operative Centre.
Producer, Transport and Service Co-operative Societies.
The Rôle of Industrial Co-operation in the National Economy.

⁽¹⁾ No. 33 in Israel Volume for 1949.

- D.—Consumer Co-operation.
The Consumer Co-operative Societies.
Hamashbir Hamerkazi.
- E.—Other Forms of Co-operation.
- F.—The Future of the Co-operative Movement in Israel.

A.—The Characteristics of Co-operation in Israel

The Ideological Background

Fundamental to an understanding of Israel's economic difficulties and of her prospects of overcoming them is an appreciation of the spirit which pervades the whole life—social, economic, and cultural—of the country. The Jews in Israel are acutely conscious of the difficulties which lie ahead, of the imperative necessity of solving them if Israel is to survive, and of the consequences of failure. The influence of Judaism and centuries of persecution and discrimination in the Diaspora have bred in them the characteristics of mutual help and mutual dependence in their relations with their own kind, associated with an attitude of hostility and suspicion towards the non-Jewish world. In the later decades of the nineteenth century when Zionism was formulating its ideals, the theory of socialism and the practice of co-operation then spreading their appeal throughout Europe had a particular attraction for the Jewish settlers in Palestine. Socialism and co-operation fitted in well not only with Zionist ideals but with the practical needs of the pioneer immigrants. Mutual aid was accepted as a primary principle of Zionism more than half a century ago: it remains so to-day. One result of its practical application has been the growth of a strong closely-organised co-operative movement guided from the first by the ideals of Zionism.

2. The co-operative movement in Israel is a part of the workers' movement as represented by the Histadrut, the General Federation of Jewish Labour. Like the Histadrut itself, the co-operative movement accepts the Zionist ideology, according to which it forms an integral part of the Zionist movement as a whole, directed towards the same ultimate goals and serving an appointed social purpose designed to contribute not only to the needs of its members but to the well-being of the entire Jewish community, both present and future, in Palestine. The aims and principles of the co-operative movement are therefore identical with those of Zionism. The aims include the building-up a viable inde-

pendent Jewish State and the ingathering of every Jew who wishes to return to the homeland: the principles are self-labour and mutual aid. It is these which form the cement which unites the movement within itself and make of co-operation not an end in itself but an instrument serving the economic purposes of the new State.

The Scope of Co-operation

3. The development of co-operation in the various branches of economic activity has been uneven. It has progressed farthest in the field of agriculture. It is claimed that co-operative and communal settlements together and in roughly equal proportions now account for over 70 per cent. of the country's total agricultural production, and all their produce is co-operatively marketed. In industry, on the other hand, the share of the co-operatives is very much less and most estimates put it at between 12 and 15 per cent. of total production. All the bus companies and most of the taxi-operating companies are co-operative societies; about 40 per cent. of the goods traffic on the roads is handled by transport co-operatives. Practically every village has its consumers' co-operative shop supplied by a wholesale co-operative society serving a third of the population. There are housing co-operatives, savings and credit co-operative societies, an insurance co-operative society, co-operative provident funds, and finally there are the so-called "Histadrut enterprises"—industrial companies which, although not co-operatives in the pure sense, are owned by the workers in their corporate organisation and are associated with the co-operative movement in a close relationship.

4. Despite the extensive ramifications of the co-operative movement, the economy of Israel is a mixed one in which co-operation plays an important but not the major part. The dream of a wholly co-operative economy may exist within the movement, but private enterprise based upon the employment of hired labour remains the predominating form of industrial organisation. Although there may be some gain in the co-operative movement's share of the whole, there are no indications that the general balance is likely to be radically altered in the foreseeable future. Even the most enthusiastic members of the movement admit that Israel's pressing need for production at all costs must take precedence over ideological preferences and that for a long time to come co-operative enterprise and capitalistic enterprise must work

together in the national interest. Nevertheless the co-operative movement forms the main element in the sectional economy of the workers' movement. Within itself it is a highly-planned, highly-centralised structure in which each unit is designed to perform both economic and social functions.

The Origins of Co-operation

5. Co-operation in Palestine has a history almost as long as that of Zionism itself. The Jewish settlers who came to Palestine in the first and second "aliyyot" (waves of immigration) between 1882 and 1914 found themselves a pitifully small minority in a strange land, faced by the hostility not only of the Arab indigenous population and the Turkish administration but of their own Jewish kinsfolk whose ancestors had retained a foothold in Palestine since biblical times. The country was a neglected, undeveloped province of the Ottoman Empire, offering few opportunities of employment of any kind and fewer still which would satisfy the new-found pride of the Zionist pioneer whose object was nothing less than the preparation of the historic homeland for the day when the Jewish people in their tens and hundreds of thousands would come to reclaim their soil.

6. Independence was the dominant ideal of Zionism: the most urgent need of the immigrants was to create for themselves the means of subsistence in their new home. These two needs, the idealistic and the practical, found their satisfaction in the idea of co-operation. In those early days of immigration, the practical interpretation of Zionist ideology gradually took shape; it was a concept of a reborn Jewish nation rooted in the soil of Palestine by a class of independent farmers united in co-operative labour and supported by groups of similarly organised industrial workers.

7. The difficulties were great and more than one false start was made. The newcomers lacked capital, they lacked knowledge, above all they lacked organisation and central direction. One of the first effective solutions to these various difficulties was the formation of agricultural contracting groups—groups of labourers who hired themselves out collectively to private farmers for the performance of specific jobs. By pooling their resources and the return received for their labour they were able to acquire tools and machinery with which to increase their efficiency and so compete with cheaper Arab

labour. In 1908 the first agricultural settlement was formed—a kibbutz, in which the land was farmed collectively; for in those days of Arab raids and marauding it seemed that the close organisation of the communal settlement gave greater safety than the looser grouping of the smallholders' village. In 1910 the first industrial co-operative came into existence. In 1920 the various labour groups united to form the General Federation of Jewish Labour, the Histadrut; and the first moshav (smallholders' settlement) was established at Nahalal the following year. At the beginning of 1950 there were 342 communal and co-operative settlements affiliated to the Histadrut and 331 industrial and service co-operatives.

The Co-operative Hierarchical Structure

8. At the top of the hierarchy of the co-operative movement is Hevrat Ovdim, the General Co-operative Association of Jewish Labour. It would be less than accurate to describe it as a body of the Histadrut, for Hevrat Ovdim is the Histadrut in its economic guise. Its membership and executive are identical with those of the Histadrut, of which it is the juridical entity in the conduct of the economic activities of the workers' movement. The functions of Hevrat Ovdim as defined in the resolutions of the second Histadrut Convention are "to organise, develop and expand the economic activity of the workers' community" and "to bring the activities of the various institutions into mutual co-ordination, supervise their management . . . and direct their activities towards the needs of the workers' community as a whole." To Hevrat Ovdim therefore is reserved a final voice in the affairs of its affiliated organisations, the individual co-operative societies. The power to make its voice effective is assured by its right to appoint a representative to the general convention of each affiliated society and through him to veto any decision which it considers inimical to the interests of the workers' community.

9. Most of Hevrat Ovdim's powers are delegated to subsidiary bodies, the two most important of which are the Agricultural Centre, exercising a supervisory function over the co-operative and communal agricultural settlements; and the Co-operative Centre, which performs a similar function towards industrial (i.e., producer, service and transport) societies.

These two bodies are closely identified with their respective Audit Unions, responsible for the auditing of accounts; other Audit Unions exist for consumers' co-operatives, housing co-operatives, provident funds, and credit co-operatives respectively.

B.—Agricultural Co-operation

The Agricultural Centre

10. Presiding over the whole range of agricultural affiliates to the Histadrut is the Agricultural Centre. The centre is an off-shoot of the Agricultural Workers' Union and is in effect a section of the executive committee of the union. Every member of a moshav affiliated to the Histadrut is at the same time a member of the Histadrut, of Hevrat Ovdim, and of the Agricultural Worker's Union, which represents all organised agricultural labour, both within the settlements and on the private farms. Parallel in status with the Agricultural Centre is Nir Shitufi, the overall agricultural co-operative association. Nir Shitufi represents the agricultural settlements as a whole but its present functions are somewhat nebulous. The effective link between the settlements and Hevrat Ovdim is the Agricultural Centre, which has taken over most of the functions of co-ordination and supervision originally allotted to Nir Shitufi.

11. It is the function of the Agricultural Centre to advise and assist the co-operative and communal settlements and their associated societies and at the same time to exercise over them on behalf of Hevrat Ovdim a general supervision designed to ensure their adherence to the Histadrut principles of self-labour and mutual aid. The centre works in close collaboration with the Jewish Agency in the absorption of immigrants: it promotes the formation of new settlements: it provides advice and the services of technical experts: it participates in the meetings of the general conventions of the settlements: through the Audit Union of Agricultural Co-operative Societies, it keeps a vigilant eye on the internal affairs of its members: it arbitrates in disputes between settlements, or between a settlement and Tnuva, the marketing co-operative: it imposes fines for breaches of the Histadrut code. In short, the centre is the Histadrut's instrument for the integration of the agricultural co-operative movement into the general structure of the workers' economy.

Types of Agricultural Settlement

12. There are three main types of agricultural settlement in Israel, all engaging in mixed farming and among them producing about 42 per cent. of the nation's food. First and most numerous is the kibbutz—a form of settlement in which not only is the land farmed communally but the collective way of life is extended to practically all the activities of the member and his family. Although the kibbutz is a co-operative in a strict and even extreme sense, it is not usually included in the sense in which the expression "agricultural co-operative" is commonly used in Israel. The typical agricultural co-operative is the moshav ovdim, the smallholders' settlement, in which each member has his own house and farm but co-operates with his fellow members in the marketing of produce, the purchase of feeding-stuffs and machinery, and in various other matters affecting his own welfare and that of the settlement as a whole. There is a third type of settlement called the moshav shitufi which seeks to combine the communal farming of the land as practised in the kibbutz with the greater privacy and family life of the moshav ovdim. Fourteen settlements of this kind have been formed and only five of these have been established since May 1948—a small number when compared with the fifty-five moshvei ovdim and sixty-six kibbutzim formed in the same period. It is, however, possible that the moshav shitufi may gain in popularity at the expense of the kibbutz: its hybrid form retains the organisational advantages of the kibbutz without demanding the complete submission of the individual in the communal life of the settlement.

The Moshav

13. The moshvei ovdim now number 115 with a total population of over 30,000. An average moshav comprises about 100 families, although there are several larger and many smaller in size. Each family has its own holding: on irrigated land it will normally consist of between 20 and 25 dunams (5–6 acres) but on "dry" land it may be three times as large. Subject only to the overriding interests of the settlement as a whole, each smallholder is free to farm his land as he chooses. The houses are clustered with the public and communal buildings to form the village in the centre of the settlement. Each homestead has a plot of about 3 dunams attached to it which usually includes the poultry run,

vegetable garden and cowshed. The rest of the holding will consist of two or more plots in different parts of the settlement in a manner reminiscent of the feudal "strip" system and with the same object of ensuring an equitable distribution of good and poor land. Some cereals, both bread-grains and animal fodder, are grown, particularly in the dry settlements in Galilee; but the customary pattern on irrigated land is a highly intensive cultivation of fruit, vegetables, poultry and eggs, and dairy produce.

14. The land belongs to the Jewish National Fund and the moshav is a lessee paying an annual rent on behalf of its members. Immigrants are given every encouragement by the Jewish Agency and the Histadrut to form new settlements, and the immigration camps are visited regularly by representatives of "Tenuat Hamoshavim" (the Federation of Smallholders' Settlements) and of the various kibbutz federations to promote the formation of "irgunim"—groups of settlers in training. The instruction of candidates for agricultural settlement begins while they are still in the camps and, when arrangements for their accommodation can be made by the Jewish Agency, they leave in a body under the close supervision of the Agricultural Centre. For some months they may be employed as hired labourers on private farms, or on public works, or on preparing the land and buildings for their own future settlement. In the latter case they are paid a wage by the Foundation Fund, to whom the settlement will subsequently repay on long-term credit the value of the real capital created. Meanwhile the agricultural training of the group continues under the guidance of experts provided by the Agricultural Centre and Tenuat Hamoshavim. When the group is finally ready to take possession of its new home, the members are given loans by the Foundation Fund to tide them over until their first crops are harvested and sold.

15. At the first general meeting of members of the new settlement and annually thereafter an executive council of about fifteen members is elected who in turn appoint an executive committee to be responsible for the direct conduct of the affairs of the settlement as a whole—among other things, for the marketing of produce, the supervision of the co-operative shop, the purchase of machinery and fodder and the organisation of social and cultural activities. Two members of the com-

mittee may be appointed full-time officials of the settlement, but the others combine their duties with the management of their own holdings. The full-time officials are allocated holdings, but the moshav as a whole takes responsibility for the farming of their land, usually by engaging hired labour. Labour for the performance of specialised and routine tasks, such as the checking and weighing of produce and feeding-stuffs at the co-operative warehouses, the running of the shop and the operation of the savings and credit bank, is normally brought in from outside the settlement. There is no absolute rule, however, and if one of the members is a qualified accountant it is likely that he will be fully employed in the accounts department.

16. In accordance with the Histadrut principle of self-labour, the individual member is strictly forbidden to employ hired labour in farming his land. The initial allocation of land is designed to give to each member the amount of land which he and his family can themselves work. If his family decreases in size because of death or because children grow up and leave the settlement, part of his land can be taken away from him and given to another member whose needs have increased. In practice this seldom happens: even in the oldest settlements most of the original settlers are still working, or their children have taken over from them the management of the family holding. Discrepancies have arisen, but so far not in so acute a form as to make a redistribution of the land essential. It is likely that with the passage of time these discrepancies will increase to the point at which action can no longer be delayed; although the justice of the theoretical solution is accepted, it is likely that its practical application will be fraught with the dangers of discord and resentment. There have, however, been a number of cases in which a "dry" farm has been converted to irrigation with a resulting increase in the productivity of the land and a reduction in the size of the individual holding.

17. If the settlement contracts to sell to Tnuva, the agricultural marketing co-operative society (and all settlements do), the produce not consumed by the members or their families must be delivered to the settlement warehouse. Private sale, either by the individual member or the settlement as a whole, is forbidden. In the larger settlements, four to six lorry-loads of

vegetables, citrus fruits, milk, butter, eggs, poultry, meat and (if the settlement has its own carp-breeding ponds) fish are delivered daily to the nearest Tnuva warehouse. A careful system of accounting, checked periodically by the Agricultural Audit Union, credits the member with the value of the produce handed in less taxation and Histadrut dues. A percentage of profits (usually 10 per cent.) goes to the Histadrut: taxation provides the funds for the settlements' budget, the main items of which are income-tax, the cost of new equipment and buildings, financing of loans made by the settlement bank, rent due to the Jewish National Fund, and the repayment of the initial loan to the Foundation Fund.

18. The member owns his own tools and smaller items of equipment. The larger items are owned by the settlement as a whole—one or more tractors, a milk-cooling plant, possibly a lorry, a stud bull, the water tower and pump, incubators and any other machinery that the settlement can afford. Animal and poultry feeding-stuffs, if not grown within the settlement, are purchased in bulk from Hamashbir Hamerkazi, the co-operative wholesale society: mixing is done in the settlement according to formulæ provided by the Jewish Agency Research Station at Rehovot.

19. Most of the member's purchases for his own needs are made from the settlement shop and every settlement is a member of Hamashbir Hamerkazi. The accounts of the shop form part of the general accounts of the settlement and if a profit is made it is normally devoted to the settlement budget: the payment of dividends is not usual.

20. Three important amenities common to all moshavim remain to be mentioned. First, the school. One of the many sub-committees formed by the members for the different aspects of the life of the settlement concerns itself with education; but the teachers are employed and paid by the Histadrut's Education Department, with whom rests the final authority in matters of education. A large moshav will have its own school, but a group of smaller settlements will share a school. All schools in settlements affiliated to the Histadrut follow the "labour trend."

21. Health is cared for by Kupat Holim, the Histadrut's sick fund. The larger moshavim with populations of up to 1,000 persons are equipped with a clinic, resident doctor and nurse; the smaller ones share.

22. An interesting feature of every moshav is the savings and credit bank which accepts the savings of members either at call or on deposit at 3 per cent. interest. It also lends money—interest-free up to £1.300 and at 5 per cent. beyond that figure—to members who require funds for such purposes as building a new barn or increasing their head of cattle. The bank, like the shop, is an integral part of the settlement, and has no outside affiliations of its own; but the settlement is bound by its statutes to deposit a certain proportion of its funds with the Workers' Bank as a reserve against deposits.

23. Perhaps the most outstanding characteristic of the moshav is the high degree of security which the member enjoys. If he falls ill, the moshav will engage hired labour to manage his land until he is well again. If his animals or chickens are stolen, the moshav as a whole will bear the loss. If advancing age reduces his capacity to farm his holding, the moshav will employ hired labour to help him. The Histadrut dues deducted from his earnings and paid on his behalf by the moshav ensure medical care when it is needed for himself and his family and education for his children. Mutual aid is the guiding maxim of the agricultural co-operative movement.

The Choice between Moshav and Kibbutz

24. At present there are 115 moshvei ovdim (population approximately 32,000), 14 moshavim shitufim (population 1,400) and 224 kibbutzim (population approximately 61,000). The kibbutz therefore is the most numerous of the three types of settlement, but the popularity of the moshav ovdim has shown a striking increase within the last few months. The reason is not hard to understand. The typical immigrant who came to Israel before 1948 was young, schooled in Zionist doctrine, and eager to give his labour and if need be his life for the Zionist cause. But the 300,000 Jews who have flooded into Israel since the frontiers were opened to them in May 1948 have generally been of a different age and outlook. Generally speaking, they are of an older generation, less adaptable to new social forms, less willing to submerge themselves and their families in a doctrinal collectivism, less eager to exchange life in the camps in Europe for a life as comfortless and as lacking in privacy in a kibbutz. The recent immigrants have wanted above all a home of their own and their preference for

for the moshav over the kibbutz has been emphatic. Even among the older settlers there are indications that the kibbutz is losing its appeal.

25. Although a group of settlers in training are free to choose the form of settlement they prefer and no pressure is put upon them to influence their choice, the preference for the moshav probably serves the needs of the country less well than would a greater enthusiasm for the kibbutz. Essentially the moshav is a static form of organisation where the kibbutz is dynamic. Once the moshav has been formed it is virtually incapable of expansion: it cannot like the kibbutz assist in the absorption of further immigrants, nor is it suited to the task so successfully performed by the kibbutzim of developing remote and difficult terrain—for example of twenty-six agricultural settlements established in the Negev twenty-five are kibbutzim and only one a moshav.

26. It is estimated that all the land available for immediate cultivation will have been developed by the end of 1950. The further development of cultivable land will necessitate arduous labour in the poor soils of the Negev and Galilee hills. Except in so far as the irrigation of dry-farming settlements will release surplus land for the establishment of new moshavin, it may be expected that further increase in the number of moshavin will be limited by a shortage of land. But despite its inelasticity and lack of adaptability in comparison with the kibbutz, the moshav nevertheless fulfils a useful function in absorbing immigrants who, though too old for the rigours of pioneering, are capable of becoming good farmers.

Co-operative Marketing: Tnuva

27. Tnuva is the Histadrut's marketing co-operative for both communal and co-operative agricultural settlements. There is no compulsion upon the settlements to use the services of Tnuva but all of them do so in fact—partly for ideological reasons and partly because Tnuva offers best prices, pays dividends on its profits, and affords the settlements a measure of control over the marketing of their produce. Each settlement signs an annual contract binding it to sell its surplus produce exclusively to Tnuva and is subject to fines imposed by the arbitration committee of the Agricultural Centre in case of breach of contract.

28. Although a part of the Histadrut organisation and subject to the same con-

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trolling influence of Hevrat Ovdim as any other affiliated co-operative society, Tnuva is prepared to undertake the marketing of the produce of any agricultural producer operating on the principle of self-labour. There are twenty-four small settlements affiliated to the two minor non-Histadrut labour organisations, Hapoel Hamizrachi and Hapoel Agudat Israel, and even some non-affiliated co-operative groups which use the Tnuva marketing organisation.

29. Tnuva is a true co-operative society controlled (apart from the participation of Hevrat Ovdim) by its members, the agricultural settlements. The General Convention meets once a year to elect the executive council and to vote on questions of general policy. Voting power depends on the share held by each member society and is determined by the total value of the produce of the settlement delivered in the course of the preceding year. One-tenth of this value is exacted as a contribution to capital reserves but part or all of this may be returned as dividends.

30. Most of the produce handled by Tnuva is sold to capitalist wholesalers but an increasing proportion goes direct to co-operative retail shops. The promotion of small co-operatively-owned retail shops, is energetically encouraged by Tnuva as a device to cut out the ideologically-obnoxious middlemen who traditionally extracts an over-large profit from the fruit and vegetable trade.

31. Tnuva not only markets the produce but processes it too. The society owns jam, fruit-bottling, butter and other factories in various parts of the country, in some cases in partnership with kibbutzim. During the year ending September 1949, it marketed sixty-seven kinds of produce, including 39 million litres of milk, 47 million eggs, and 27,000 tons of vegetables. Cross receipts exceeded £1.10 million.

32. It is a tribute to the success of Tnuva's activities that the private farms have established their own agricultural marketing co-operative society, Tenna.

Agricultural Contracting: Yakhin

33. In an economy in which every Jewish agricultural worker is able if he wishes to join a settlement and thereby attain a high degree of independence and security, it is obvious that few will choose to remain agricultural labourers, dependent upon casual or seasonal employment on private farms. Casual agricultural labour has in fact practically disappeared in Israel.

Some of the workers outside the moshavim and kibbutzim are organised in the agricultural contracting co-operative society, Yakhin.

34. Yakhin was formed in 1926 as a result of a merger of a number of contracting groups of agricultural workers and turned its attention first to the cultivation of land on behalf of Jews abroad who wished to invest in Palestine in preparation for subsequent immigration. It later extended its activities to include picking, boxing and shipping of citrus fruits, to the manufacture of citrus by-products and, in collaboration with the Jewish Agency, to the preparation of land for the establishment of new settlements.

35. By contracting for jobs in private firms, Yakhin extends the co-operative principle even to that part of agriculture which is still in private hands.

Politics in the Agricultural Co-operatives

36. Until recently the moshav movement was almost solidly Mapai in its political thinking, while Mapam's influence was and is mainly in the communal settlements. Other parties have now obtained a foothold within the movement, notably the Mizrahi party and Agudat Israel, which have formed their own settlements. They have, however, entered the common framework of the movement and political bickerings were rare until the recent appearance of Communist dissident groups in the settlements. The smallholder is temperamentally on the right of the workers' movement and the presence of Communist groups in the midst of settlers whose background and political views are largely *bourgeois* could not fail to cause trouble.

37. At the last annual conference of Tenuat Hamoshavim in October 1949, it was decided that essential qualifications for membership of the smallholders' movement was acceptance of Zionist and Histadrut principles and goals and submission to the authority of the movement. These were deliberately aimed at excluding Communists from the settlements. Since the conference there has been trouble in several moshavim and one settlement has been expelled from the movement because of the predominating influence captured by the Communists within it. In other cases individual Communists have been given the choice of resigning from the moshav or from the party. The majority within the movement maintain that if adherents of a particular political faith cannot live in

peace with their fellow members, they must establish their own settlements; if they do not accept Zionism, they must establish their own organisation; for the present smallholders' movement and Zionism are inseparable.

38. Of the 115 moshei ovdim which acknowledge the authority of the Agricultural Centre, 91 are directly affiliated to the Histadrut through Tenuat Hamoshavim, 20 are affiliated to Hapoel Hamizrachi, and 4 to Hapoel Agudat Israel. There are a further 36 unaffiliated moshavim, 4 of which have been formed by members of the Herut party. These unaffiliated groups are, however, outside the moshav movement, have no common ideology, and acknowledge no higher authority. They are in effect simply groups of private farmers, often employing hired labour, who co-operate for specific and limited ends.

C.—Industrial Co-operation

The Co-operative Centre

39. The Co-operative Centre performs in the field of industry a function similar to that for which the Agricultural Centre is responsible in agriculture. On the one hand, it co-ordinates the activities of the 331 societies affiliated to it, offers technical assistance and advice, publishes trade periodicals, and provides loans for the formation of new societies; on the other hand, it acts as the representative of the Histadrut in supervising the activities of its members, auditing their accounts through its associated body, the Audit Union for Producer, Service and Transport Co-operative Societies, and ensuring their adherence to the Histadrut principles of mutual aid and self-labour. The executive committee of the Centre is partly nominated by Histadrut and partly elected by the member societies.

40. The member societies cover a wide range of economic activities. Metal and electrical industries are strongly represented; so also are wood-working, textile and shoe factories. Among the service co-operatives are laundries, restaurants, ice distributors, barbers' shops, a hotel and a tourist agency. Strongest of all the subdivisions of the co-operative movement are the bus co-operatives, which enjoy a complete monopoly of the field; amalgamations have reduced their number to five, the largest of which has 643 full members as well as a considerable force of employed labour. There is at present talk of combining the five bus co-operatives into a

single country-wide transport co-operative society whose membership would exceed 2,000. Nearly all the taxi-companies are co-operative societies and rather less than half the goods traffic on the roads is handled by co-operatives.

Producer, Transport and Service Co-operative Societies

41. Unlike the agricultural co-operatives, the industrial co-operative societies vary greatly in size, in internal organisation, and in the problems with which they are confronted in a time of rapid economic expansion. The smallest co-operative has a membership of seven, the largest (the bus co-operative mentioned above) 643. There are dozens of societies with fewer than twelve members and these are in effect simple partnerships in which the only problem of organisation arising is that of maintaining a harmony of views between the members. At the other end of the scale are societies with a membership of several hundreds and in these the problem of combining efficient management with a true co-operative spirit is paramount.

42. There are, nevertheless, certain features common to all the 237 producer societies, 34 transport societies and 60 other service societies which made up the total of industrial co-operatives. It is a universal rule that a member of an affiliated co-operative must also be a member of Histadrut and of Hevrat Ovdim. Expulsion from the Histadrut carries with it automatic expulsion from the affiliated society. While it is only in cases of serious misconduct that the extreme penalty of expulsion is imposed, it remains a powerful weapon in the hands of the Histadrut and could, if necessary, be used to effect the dissolution of a society which persistently defied the authority of the Histadrut. By the statutes common to all co-operatives, the members of a dissolved society receive back only their original investment; the remaining assets (which in the case of an old and prosperous society may include by far the greater part of the capital) are taken over by Hevrat Ovdim.

43. Another important privilege reserved to the Histadrut is the right to receive a proportion of the profits—normally 10 per cent. It also has the right already mentioned (paragraph 8) of appointing to the general convention of each affiliated society a nominee with a power of veto.

44. In the larger societies the General Convention takes place once a year and an

elected Executive Council chooses one of its members as managing director. The system of elected management has admitted disadvantages, particularly in its effect on discipline. The management can impose fines for offences against discipline and, subject to the prior approval of the Co-operative Centre, can in really serious cases propose to a general meeting of members the expulsion of the offender. But in the knowledge that it must submit itself for re-election at the end of the year, management usually shows a natural reluctance to court unpopularity and discipline is seldom strictly enforced.

45. One of the most pressing problems confronting the Histadrut at present is that of hired labour in the industrial co-operatives. The exploitation of hired labour is in flat contradiction to the highest Histadrut principles, yet in some large societies the members form less than half the total labour force. The Co-operative Centre keeps up a constant pressure on these societies to induce them either to dismiss their hired workers or preferably to admit them to membership. Such efforts normally meet with strong resistance from members who have through their own labour and abstinence built up a prosperous business and who show a very human disinclination to share the fruits of the success with newcomers whose ways may be strange to them and whose merits unproved. Should hard times come, redundant hired workers can be dismissed; but if they have been admitted to membership, their presence will reduce the incomes of all. Moreover, it is a general rule that profits are distributed in a proportion of roughly one share to each hired worker and two shares to each member (the exact proportion depends upon the total profit), so that, even in prosperous times, the original members lose by an expansion of membership unless it is accompanied by a corresponding increase in profits. So long as raw materials are short, imports subject to restriction, and the prospects of expanding turnover limited, the tendency is towards caution in admitting new members despite the cajolery and threats of the Co-operative Centre.

46. There are five industrial co-operatives which, seeking capital for expansion, have obtained a loan from the centre which has thereby acquired direct voting rights in matters of policy and increased its capacity to enforce Histadrut principles. This is a pattern of organisation which may become more common. Simultaneously

there is a tendency for co-operatives to enter into partnerships with private capital: four such partnerships have been formed so far. These two trends may have far-reaching effects upon the general development of industrial co-operation in Israel. They are examined further in a later section (paragraphs 50, 51 and 63).

The Role of Industrial Co-operation in the National Economy

47. The industrial co-operatives serve a useful function in training workers for new jobs, in developing a body of skilled labour, and in absorbing immigration. True their capacity to absorb newcomers is limited. As has been already noted, existing societies show a marked reluctance to expand their membership, while the creation of new societies requires a considerable investment which must be provided either by the immigrants themselves or by Histadrut or Jewish Agency funds. Since May 1948 577 workers have been absorbed into existing societies and 1,389 have become members of new societies—including families, about 8,000 or 9,000 persons in all. This may seem a poor showing when compared with the agricultural settlements' absorption of three or four times this figure. But the industrial societies offer a niche to people who might otherwise find difficulty in fitting themselves into the economy—in particular, those who for reasons of age or health are debarred from agriculture and certain other wage-earning jobs. The industrial co-operative member is not usually imbued with the energy and spirit of the pioneer, nor is he fanatical in his Zionist faith. But he is a useful member of the community for all that.

48. Most of the problems which now confront the industrial co-operative societies are concerned with growth. If a society is to preserve a genuinely co-operative spirit, it must be small enough for each member to feel the pride of ownership and to participate personally in all the activities of the group. It must not employ hired labour or it will be in danger of deteriorating into an ordinary capitalistic enterprise with no higher ideal than the making of a profit for its shareholders. It must content itself with small profits and a limited turnover if its members are not to lose touch with the workers' movement of which it is a part. It is obvious that if these conditions are faithfully accepted by the industrial co-operative movement, the movement cannot aspire to a major rôle in the expansion

of Israel's economy into that of a highly industrialised State aiming at the development of large-scale, low-cost production in order to support at a reasonable standard of living a dense and rapidly growing population.

49. The choice before the movement is, therefore, of retaining its present structure based upon the small factory and workshop with the acceptance of a diminishing rôle in the future national economy: or of compromising with the principles of pure co-operation in order to adapt itself to changed economic conditions. The choice has in fact already been made, for many industrial societies have already gone beyond the "critical" size, whether it be twenty or fifty or a hundred members. Far from checking this expansion in size, the Histadrut has done, and is doing, everything possible to encourage it. In doing so it has incidentally and inevitably encouraged a departure from its own principles. The problem of hired labour in the larger co-operatives has already been touched upon (paragraph 45). The problem of substantial differences in income between co-operative members and other workers is also rising, particularly in the transport co-operatives. The problem of a diminished sense of personal responsibility in societies with a membership of several hundreds is less tangible but exists none the less. The whole question of how to maintain co-operative principles in these large and still expanding societies is one which is at this moment causing much hard thinking within the movement, and one to which no final answer has yet been found.

50. Mention has already been made of five co-operative societies which have entered into partnership with the Co-operative Centre and this device is seen as a possible compromise whereby the chief evils accompanying expansion may be avoided or at least diminished. Instead of an unlimited expansion of membership and hired labour, a growing co-operative would accept Histadrut capital and Histadrut participation in management. Irrespective of the extent of the Histadrut's financial participation, the co-operative would retain at least a 50 per cent. share in management and voting power. Direct Histadrut control would ensure a fair remuneration to members and workers alike. So runs the argument and, whatever objections may be opposed to it, it seems possible that future development will take such a course.

51. A variation of this proposal is that industrial co-operative societies should form partnerships not with the Histadrut itself as represented by the Co-operative Centre, but with one of the "Histadrut enterprises." The chief of these is Solel Boneh, the central contracting organisation of the Histadrut, founded in 1923 as a co-operative society but converted in 1934 to a company wholly owned by Hevrat Ovdim. Solel Boneh engages in large-scale building contracting, controls more than twenty other industrial enterprises and has an interest in about a dozen others.

D.—Consumer Co-operation

The Consumer Co-operative Societies

52. The roots of the consumer co-operative movement in Palestine were planted in the years before the first World War, when a few scattered retail co-operative shops were set up by groups of agricultural workers. These shops existed to serve a purely local need and lacked a central organisation to supply and unite them. The consumer co-operative movement really began with the establishment in 1916 of Hamashbir (reorganised and renamed Hamashbir Hamerkazi in 1929). The initiative in the formation of Hamashbir came from the new communal agricultural settlements then coming into existence. Six of these had been founded by 1916 and Hamashbir was formed to supply them and its retail branches set up in Tel Aviv, Jerusalem and Tiberias. The formation of consumer co-operative societies outside the agricultural settlements was a later development.

53. At the beginning of 1950 there were 175 consumer co-operative societies in existence with 500 retail shops. All of these, nearly 400 agricultural settlements and labour groups, and 245 miscellaneous co-operatives and institutions are supplied by Hamashbir Hamerkazi, the co-operative wholesale society.

Hamashbir Hamerkazi

54. Hamashbir Hamerkazi serves one-third of the population and is the largest trading enterprise in Israel. With the exception of fruit and vegetables, it handles all kinds of groceries and foodstuffs and, among other things, chemicals, seeds, fertilisers, agricultural and industrial machinery and tools, building materials, textiles and footwear, household supplies, office and school equipment, and petroleum products.

It owns "Shemen," the largest producer of vegetable oils and derived products in Israel. It has its own flour mills, wool processing mills, seed-cleaning plant, footwear factory, textile factory, food-packing plant, and machinery repair shops. It has a part interest in many other enterprises, including industrial enterprises carried on in the kibbutzim.

55. Like Tnuva, Hamashbir Hamerkazi is a true co-operative society owned by its members and managed by an elected executive council. As in the case of all co-operatives affiliated to the Histadrut, Hevrat Ovdim has the right of veto in matters of policy and, in the event of its liquidation, all the assets of the society with the exception of the share capital (£1,400,000 in a total capital of £1,500,000) would pass into the hands of Hevrat Ovdim. Hamashbir's turnover in 1949 was about £1.15 million.

E.—Other Forms of Co-operation

56. It is not possible within the compass of this paper to describe exhaustively the whole structure of co-operation in Israel. Those branches which have been dealt with above—the agricultural settlements and their associates, the industrial societies, and the consumer co-operatives—are only the major divisions of a movement of which the activities have been constantly expanding over the last forty years. As new needs have risen, new co-operative forms have been called into existence to meet them. For example, a network of savings and credit co-operatives has been formed to supply the new immigrant and the established settler with capital. These provide the same facilities to the individual worker in the towns and villages—the artisan, the small merchant, the craftsman—as the savings and credit bank in the agricultural settlement offers to the co-operative farmer. The savings and credit co-operatives were originally dependent upon loans from the Workers' Bank but most of them have now built up their own funds from savings and interest on loans.

57. Mention must also be made of the sixty co-operative house-construction societies; of the co-operative apartment houses in the towns; of co-operative provident funds; of co-operative cattle insurance; of co-operative water companies which supply water to the smallholders' villages; and of the small horticultural co-operatives in suburban and rural areas with a membership of from six to twelve

workers. On the fringe of the movement are the Histadrut enterprises headed by Solel Boneh. Even more closely associated with co-operation are the various financial institutions of the Histadrut: the Workers' Bank, launched in 1921 to supply credit to co-operative societies and other workers' organisations; Nir, Limited, a credit institution founded by Nir Shitufi to provide the agricultural settlements with medium- and long-term loans; Hassneh, which deal in all lines of general insurance business; Kupat Holim, the workers' sick fund; Shikun, which plans and finances urban and suburban housing schemes; Neveh Oved, which serves a similar purpose in rural areas; and Bizur, a credit institution for promoting employment, particularly by financing public works in towns and villages. All these are non-profit making institutions serving not only the co-operative movement but the workers' movement as a whole.

F.—The Future of the Co-operative Movement in Israel

58. Co-operation has served the Zionist Movement well in the years of struggle towards the goal of national realisation, fulfilling its purpose of teaching merchants, shopkeepers, professional men and white-collar workers how to handle the tools of agriculture and industry. The goal has been achieved and the question now posed is whether the movement can fill an equally vital rôle in the next battle—the fight for economic viability. Co-operative methods were successful in giving strength, unity and self-reliance to a small pioneering population whose purpose was to create the foundations of a Jewish nation in Palestine. The task which now confronts the infant State of Israel is to erect on these foundations an economic structure able to supply a rapidly increasing population with the means of subsistence and to create a surplus of manufactured goods which can be exchanged for essential imports.

59. In the growth of co-operation, it has been the agricultural settlements which have led the way with the establishment of a pattern of rural settlement well adapted to the absorption of immigrants unskilled in agriculture. They have at the same time evolved a method of farming well suited to the soil and climate of Palestine and to local needs. Instead of vast acreages of cereals and cattle-grazing, they have concentrated on eggs, dairy produce and vegetables—items of high food-value

which extract a maximum return from the limited area of land available. There can be little doubt that co-operation as practised in the kibbutzim and moshavim will remain the basis of the country's agriculture. Apart from its intrinsic merits both as an economic and as a social instrument of development, co-operation has the effect of squeezing out the private farmers by absorbing the agricultural labour on which they depend. Moreover, nearly all the land which could offer a profitable return to the capitalistic farmer is already in cultivation. The land still to be developed lies mainly in the Negev. Even if a private farmer were prepared to undertake the heavy initial capital expenditure necessary for its development, he would have difficulty in finding labour in a territory peopled only by Bedouin nomads.

60. The future of industrial co-operation is less certain. As long as the Jews were a minority population under an alien administration, the pattern of small industrial co-operative societies mixed with ordinary commercial enterprises on an equally modest scale was well suited to their primitive industrial economy. It offered opportunities for the absorption of a small but steady stream of immigrants and provided a nucleus of home industry. The home market was small and export markets unnecessary. Circumstances have changed radically in the last two years, and the primary needs of the independent Jewish State are production on an ever-rising scale and employment for the torrent of immigrants now arriving at the rate of 150,000 a year. The need to curb inflation and capture markets overseas means that costs must be reduced and the unit of production increased in size. Whatever the ideological attraction of industry on a co-operative basis, it is a luxury that Israel can ill afford unless it can compete with private enterprise in efficiency and unit costs. Generally speaking, the small manufacturing co-operative society is not equipped to produce for an export market, nor can it make full use of modern machinery without which low-cost production is impossible unless wages are decreased. Yet money-wages in Israel are among the highest in the world, and incomes among co-operative members the highest of all.

61. While, therefore, the service and small hand-working societies serving a purely local need may be expected to continue in their present form and to increase in numbers, the tendency is for the large

industrial co-operatives to get larger. The larger they get, the more pressing become the problems of organisation and fidelity to the co-operative ideal. It seems, therefore, that the big societies (big, that is to say, by Israel standards) must take one of two roads. Either they must abandon their co-operative form and become commercial enterprises outside or inside the workers' movement, possibly taking the form of "Histadrut enterprises" (this is what happened to Solel Boneh when it became too unwieldy to continue functioning as a co-operative society). Or a compromise must be reached involving some kind of partnership with other institutions of the workers' movement or with private capital.

62. Insistent suggestions have been made that the bus co-operatives should be amalgamated and converted into a single country-wide, non-co-operative corporation—not only because they have become too big as co-operative societies but also because of their monopolistic position which has given rise to complaints of high fares and inadequate service. It is envisaged that the corporation would be run as a public utility with its own statutes under the supervision of the Histadrut of the Ministry of Communications or both. But there is no apparent desire to see other industrial co-operatives abandon so completely their co-operative form. Indeed, there is a school of thought within the workers' movement which favour the intro-

duction or reintroduction of co-operation into the Histadrut enterprises (now under the direct control of Hevrat Ovdim or its subsidiaries), in order to associate the workers in those industries more closely with management.

63. The tendencies among the industrial co-operatives have already been noted—towards partnership with Histadrut or its subsidiaries, and towards partnership with private capital. If the latter may appear a dilution of the co-operative movement by private enterprise, it is also a dilution of private enterprise by co-operation, and is therefore not discouraged by the Histadrut. It may prove to be a useful means of absorbing investments from abroad into that part of the economy most closely harnessed to the national interest.

64. The future of the bigger industrial co-operative societies is therefore undecided. Present indications seem to point to the solution of partnership with Histadrut capital—a financial partnership in which Hevrat Ovdim and the co-operative members would exercise equal control. Only by a device of this sort, it is said, can the co-operative movement create its own large industrial units in keeping with the needs of the national economy and at the same time preserve its co-operative principles and ideals.

ALAN B. HORN.

Tel Aviv, March 1950.

ER 1053/9

No. 13

ANGLO-ISRAEL RELATIONS

His Majesty's Government's de jure recognition of the State of Israel

Mr. Younger to Sir K. Helm. (Tel Aviv)

(No. 318. Confidential) *Foreign Office*,
(Telegraphic) 25th April, 1950.

My telegram No. 2089 to Washington (of 25th April: Jordan-Israel Relations).

My immediately following telegram contains the text of an official communication which you should hand to Israel Minister of Foreign Affairs shortly before 2.30 p.m. G.M.T. on Thursday, 27th April. You should at the same time hand to him a copy of the statement which is to be made in the House of Commons on that day, the text of which will have been telegraphed to you beforehand.

41833

2. I realise that from the Israel point of view the value of *de jure* recognition will be diminished by the fact that it is made at the same time as our recognition of the union of Arab Palestine with Jordan and may therefore appear merely as a counter balance to the latter. I am prepared to leave it to your discretion how best to present the matter to the Minister for Foreign Affairs, but you will probably wish to take the line that in making these two acts of recognition simultaneously our intention is to promote the establishment of conditions most favourable for the reaching of a final settlement

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between Israel and Jordan. You may also wish to indicate to Mr. Sharett that our recognition of the union of Arab Palestine

and Jordan demonstrates that we do not support the Arab League's recent resolutions.

ER 1053/10

(2)

Mr. Younger to Sir K. Helm. (Tel Aviv)

(No. 319. Confidential) Foreign Office,
(Telegraphic) 25th April, 1950.

My immediately preceding telegram.

Following is the text referred to in my immediately preceding telegram:—

I am very glad to communicate to Mr. Sharett the *de jure* recognition of the State of Israel by His Majesty's Government in the United Kingdom, with the reservations stated in paragraphs 2 and 3 below.

2. In according *de jure* recognition to the State of Israel His Majesty's Government have noticed that the territory administered by the State of Israel is at present bounded by Armistice Agreements concluded between her and Egypt, the Lebanon, Jordan and Syria respectively and that the determination of the frontiers of the State of Israel consequently awaits final settlement between her and the neighbouring States. Pending such a settlement His Majesty's Government do not regard the present frontiers of Israel as defining the

area over which she exercises *de jure* authority.

3. His Majesty's Government have also noted that the territory at present administered by the State of Israel includes a portion of the area of Jerusalem defined in the Resolution of the General Assembly of the United Nations of 9th December, 1949. Pending a final determination of the status of this area His Majesty's Government do not recognise Israel sovereignty over any part of it. They will continue to recognise that the State of Israel exercises *de facto* authority in the part occupied by her unless or until the United Nations shall have established effective authority there.

4. I look forward to the strengthening of friendly relations between His Majesty's Government and the Government of Israel and to the final settlement of all questions outstanding between the State of Israel and her neighbours.

No. 14

UNION OF ARAB PALESTINE WITH JORDAN

Sir K. Helm to Mr. Younger. (Received 25th April)

(No. 190. En Clair) Tel Aviv,
(Telegraphic) 25th April, 1950.

Arab Palestine union with Jordan.

Israel Government's attitude to resolution in Jordan Parliament was defined by official spokesman last night as follows:—

"This is a unilateral act on Israel. We have concluded an armistice agreement with the Hashemite Jordan Kingdom and it is our firm intention fully to abide by it. This agreement, however, entails no final political settlement and no such final settlement is possible without negotiations and the conclusion of a peace treaty between the two parties. It should, therefore, be clear that the status of the Arab areas west of the Jordan remains an

open question as far as Israel is concerned.

2. With this lead to-day's press comment is as expected. Government and middle opinion papers with varying grace accept fact of union as inevitable but stress that Israel's recognition of it must be bound up with Israel-Jordan settlement and that it is up to Jordan to prepare conditions for such settlement. Papers of extreme right and extreme left are hostile. They criticise Government for having done nothing to prevent union and concentrate their venom on alleged impending return of British rule to Palestine and menace to security of Israel from British military bases.

ER 1013/9

No. 15

MONTHLY REPORT ON ISRAEL FOR APRIL 1950

Sir K. Helm to Mr. Younger. (Received 9th May)

(No. 117. Confidential) Tel Aviv,
Sir, 5th May, 1950.

I have the honour to enclose a General Report on Israel during the month of April 1950.

2. I am sending copies of this despatch to the British Middle East Office in Cairo and to His Majesty's Representatives at Amman, Bagdad, Beirut, Cairo, Jeddah, Jerusalem and the United Kingdom High Commissioner for Pakistan.

I have, &c.

A. K. HELM.

Enclosure in No. 15

Monthly Report on Israel for April 1950

General

After months of steady progress, Anglo-Israel relations suffered a set-back in early April. Israel single-mindedness was seen at its worst when the importance and value to Israel of the generous financial agreement of 31st March were ignored and attention concentrated on the United Kingdom refusal to supply arms to Israel in present circumstances, and on the Government's statement in the House of Commons on 28th March about oil supplies for Haifa and relations between Israel and the Arab States. These, and more particularly the reasons for the former and what were read as the implications of the latter, were universally trumpeted as blind pro-Arab and anti-Israel partisanship. Gradually, however, wiser council began to prevail and the position was materially improved by the announcement on 27th April of the grant by His Majesty's Government of *de jure* recognition of the State of Israel.

2. The early April meetings of the Arab League Council at Cairo were followed closely. The union of Arab Palestine and Jordan on 24th April was received with varying degrees of resignation.

3. There were growing signs of a worsening economic situation, due on the one hand to the heavy demands of immigration and on the other to the diversion to defence needs of funds urgently required for development and other purposes.

4. The Knesset was not in session.

Foreign Relations

5. The policy of His Majesty's Government in supplying arms to Egypt and refusing them to Israel continued to be the subject of bitter criticism expressed by all shades of political opinion in the press, in speeches, and in conversation. This affected the reception of our *de jure* recognition of Israel which was the main event of the month.

6. First reactions were, however, generally favourable. The Government itself and the moderate press showed evident pleasure and it was obvious that full recognition meant much to Israel. The papers of the extreme Right and Left were, of course, hostile. On the other hand, *Haaretz*, the most responsible of the daily newspapers, saw in recognition evidence of a new policy of realism which would pave the way for a renewal of the friendship with Britain. Similar optimism was expressed by most of the press. But the honeymoon was brief and even by the last day of the month press comment was hardening.

7. At first the proceedings of the Arab League were taken with great seriousness. Later this became tempered with scorn. The adherence of Jordan to a resolution providing for the expulsion of any member of the league signing a separate peace with Israel came as a sharp shock, which passed as hopes grew afresh of the early resumption of negotiations for an Israel-Jordan settlement. The Government reacted with unnecessary energy to the league's resolution reinforcing the Arab boycott of Israel and temporarily detained the British s.s. *Kantara* at Haifa.

8. The visit of M. Boissanger, chairman of the Palestine Conciliation Commission, to the Middle East to discuss procedural problems for a resumption of negotiations between Israel and the Arab States, aroused little interest. On 13th April the Government published the text of a memorandum which had been handed to the Palestine Conciliation Commission at the end of March. This reiterated Israel's desire for a permanent peace with her neighbours, castigated the Arab Government's for their refusal to embark on direct negotiations, and insisted that only the

existing armistice agreements could provide a basis for a final settlement. The Arab reply to M. Boissanger's proposals, published on 20th April, agreed to the suggested procedure on condition that the return of all Arab refugees to their homes should take first place on the agenda. This evoked the comment that Israel could not accept any prior conditions to negotiations.

9. The Jordan elections were closely followed. The subsequent announcement of the union of Arab Palestine and Jordan caused no surprise though it was apparently felt that some kind of protest was necessary for the record. A Government spokesman described the union as a unilateral act which could not be binding on Israel so long as no final peace settlement had been reached with Jordan. The extreme Right-wing press and the Communists fulminated against what they respectively described as the return of British guns to Palestine and the strengthening of British imperialistic bases as part of the Anglo-American preparations for a new war. The coupling by the Minister of State of the extension of the Anglo-Jordan treaty to Arab Palestine with the assurance that His Majesty's Government had no intention of establishing military bases there in peace time was therefore all the more welcome.

10. The adoption of the Jerusalem Statute by the Trusteeship Council on 4th April was received with indifference, being written off as a dead letter. The refusal by the majority of the delegates on the Trusteeship Council of the Israel Government's invitation to visit Jerusalem to study the difficulties of internationalisation at first hand was described by a Government spokesman as characteristic of the United Nations' failure to face reality. News of the Soviet Union's withdrawal of its support for the General Assembly Resolution on Jerusalem came as a welcome surprise. It provided an opportunity for some laudatory comment in the Leftist press on Russian realism and in other organs on Russian "diplomatic flexibility." It was regarded as having dealt the death blow to internationalisation.

Internal

11. The 23rd April was celebrated as Independence Day, with parades and

official receptions. Messages to the nation from the President, the Government, the Prime Minister and other personalities, laid particular stress on the many problems created by mass immigration, which had added "close on 400,000" to the population in the past two years and was destined to continue.

12. The Zionist General Council met in Jerusalem from 19th-28th April, but was no more able than the Jewish Agency had previously been to solve the two main problems facing the Zionist movement. The agency's financial difficulties, due to its commitments in respect of immigration and settlement, were dealt with by increasing its budget from £1.40 m. to £1.50 m. but without apparently devising any new means of increasing its revenue. The thorny question of the Zionist Organisation's status in Israel and the Diaspora, and the relationship of the Jewish Agency to the Government and State of Israel, was much discussed but was left for negotiations between the agency and the Government. It was decided to hold the 23rd World Zionist Congress in Jerusalem on 20th December.

13. The Finance Minister told the Council: "We are skating on thin ice and it is most probable that when compared with future years of hardship the last two, with all their troubles, will appear as a honeymoon." At least £1.500 million, he said, would be required to implement the Government's Four-Year Plan (of March 1949), which includes doubling the country's population. The intake has indeed been enormous: nearly 103,000 immigrants came in 1948 after independence and over 239,000 in 1949, while 46,000 have arrived in the first four months of the current year. Although April has shown a record low figure of 8,700, this may prove only a temporary respite, as a large influx of Iraqi Jews is now expected. The financial problem of dealing with this gigantic task is becoming more and more acute and a transit-camp population of about 90,000 unhoused immigrants seems now to be accepted as almost a regular feature.

14. Press reports during the month showed a disturbed situation in the Negev, with frequent frontier incidents, raids by Arab marauders and clashes with smugglers and infiltrators.

UNION OF ARAB PALESTINE WITH JORDAN

Debate in the Israel Knesset

Sir K. Helm to Mr. Younger. (Received 9th May)

(No. 119. Confidential) *Tel Aviv,*
Sir, *6th May, 1950.*

In my telegram No. 220 of 4th May I reported briefly that, following a debate in the Knesset on 3rd May the Israel Government had comfortably survived the Opposition attack on its handling of the situation arising out of the union of Arab Palestine with Jordan and the British declaration which followed it. This took the form of a resolution, passed by 53 votes to 16, to "take note" of the Government statements made after the events in question (of which the texts were given in my telegrams No. 190⁽¹⁾ of 25th April and No. 24, Saving, of 29th April). At the same time the Knesset rejected counter-resolutions put forward by Opposition parties.

2. The Government had for some time injudiciously fomented a publicity campaign of protest against alleged over-arming of the Arab States by His Majesty's Government and obstruction of Israel's own efforts to obtain arms. With a general mood of anti-British petulance thus provided as a background and with dissatisfaction at Jordan's initiative known to be rather widespread, it was to be feared that the Opposition could so exploit the new issue as seriously to embarrass the Government. In Government circles the atmosphere during the days preceding the debate was heavy with tension and a sense of crisis. In the event, however, the Opposition attack, though duly formulated on familiar lines, lacked sting and conviction and superficially at least the Government had no difficulty in rallying the whole of the ruling coalition in its support. I can only suppose that on this, as on other critical occasions, Jewish solidarity triumphed over party cleavages and irresponsible extremism and the Jewish instinct of self-preservation dictated a cautious approach to irreversible realities.

3. As the Opposition parties had asked for a debate, whereas the Government declared that it had nothing to add to the public statements already made by it, the former were obliged to introduce the sub-

ject themselves. That the Mapam and Heruth parties are, for different motives, hostile to the Hashemite Kingdom of Jordan and opposed to the union with it of any part of Palestine is well known. Apart from various forms of political publicity, they have made this clear in previous debates on foreign affairs (my despatches Nos. 27⁽²⁾ and 71⁽³⁾ of 2nd July and 5th August, 1949, and Nos. 8 and 75 of 6th January and 17th March, 1950). The Communist Party line on this issue approximates closely to that of Mapam. So far as I can judge from the local press reports, the attack launched by these three parties coincided on two points: they complained (a) that encouragement to proceed with the union had been implicit in the Israel Government's recent negotiations with Abdullah and (b) that the union implied a threat to Israel's security and independence by bringing the British back into Palestine by virtue of the Anglo-Jordan Treaty.

4. Mapam and the Communists proposed that Israel should appeal to the Security Council both against the union and against the extension of the treaty to Arab Palestine. Mapam tried to get the Knesset to forbid the resumption of peace negotiations with Jordan so long as the latter maintained the union. These Left-wing parties took, as usual, the line that the union was an Anglo-American move in the cold war against the Soviet Union. They referred to the right of the Arab population of the area to set up their own independent State which should be bound by special ties to Israel.

5. Mr. Beigin, speaking for Heruth, maintained that King Abdullah, with his 15,000 soldiers, was no threat to Israel and criticised the Government's efforts to make peace with him as unnecessary and harmful. They had resulted in loss of territory, in theoretical and practical recognition of Britain's right to maintain and establish military bases "in our country" on both sides of the Jordan, and in the complete international isolation of Israel. The

⁽¹⁾ No. 14 in this Volume.

⁽²⁾ No. 17 in Israel Volume for 1949.

⁽³⁾ No. 19 in Israel Volume for 1949.

Heruth Party made a point of putting it clearly on record that it did not and would not recognise the union even if it were confirmed by a treaty of peace. It refrained from participating in the votes taken, since "the integrity of the country was not a matter for hand-raising or voting."

6. The General Zionists also protested against the union, calling on the Government to act against it and accusing the Government of lack of foresight in its foreign policy. The solitary Sternist Deputy, Mr. Yalin-Mor (Friedman-Yellin), urged that the Government should order the army to march at once and "liberate the rest of the country."

7. Anticipating trouble, the Government had mobilised its most authoritative speakers: Mr. Aharonowitz, Secretary-General of Mapai and chairman of the Parliamentary Committee on Foreign Affairs; Mr. Lubianiker, Secretary-General of the Histadrut; and Mr. Sharett, the Foreign Minister. The Prime Minister himself was scheduled to wind up the debate but his speech was cancelled when it was evident that the Government was secure. (I feel that his notes would make interesting reading.)

8. Mr. Aharonowitz pointed out that there were three alternatives to union: the *status quo ante*, an independent Arab State or a war of conquest. He ruled out the last and pointed out that to work for an independent Arab State implied a danger of retrogression to the Partition Plan of November 1947. Continuation of the *status quo* would have suited Israel best but factors beyond the control of Israel had intervened. It was, he said, ridiculous to behave as if the frontiers of the Jewish State had been fixed in antiquity for all time. Mr. Lubianiker described the Opposition proposals as self-contradictory and nebulous and the idea of submitting the case to the Security Council as "absurd and suicidal." Rejecting the hatred of Great Britain and the Arab rulers, which is the guiding principle of Left and Right extremists, he declared that he was not afraid to favour the opening of a new chapter in Israel's relations with Britain and that Israel was ready for good relations with all countries which had wronged the Jews with the sole exception of Germany. The criterion of her foreign policy should be the furtherance of the "ingathering of the exiles." The logical consequence of Mapam's attitude would be to declare war on Great Britain, and this

party's talk of Anglo-Jordan co-operation against Israel was mere "empty words." Heruth, he said, behaved as if Israel had recently lost territory to an invader who could now be easily defeated by quick military action, but this was not the case and the Haganah knew well what the Arab Legion was like.

9. Mr. Sharett, winding up the debate, denied that King Abdullah had been tacitly encouraged to annex Arab Palestine. He admitted that the Government had expressed readiness to accept the present armistice lines as the basis for a permanent settlement, but he could not recognise Jordan's right to take unilateral action before the conclusion of an agreement. Stability, security and peace were the motivating factors in Israel foreign policy; but peace and stability could not be achieved without agreement, and no régime in Arab Palestine could be stable and secure if it was established regardless of Israel's views and outside the context of a definitive peace settlement. Regarding the applicability of the Anglo-Jordan Treaty to the annexed area, the Foreign Minister contended that the United Kingdom had as much right to establish bases in Jordan-controlled Palestine before the union as after it. The British assurance that it was not intended to establish military bases there in time of peace was important. Nevertheless, the close proximity to Israel of a sphere of potential British military intervention made vigilance necessary. A further and still graver source of anxiety was, he said, the one-sided policy followed by Britain in the supply of arms to the Middle East. The "fair and satisfactory" financial agreement reached with the British Government and the granting of *de jure* recognition had been gratifying, but some other aspects of British policy were disturbing.

10. Taken outside their context Mr. Sharett's words may seem somewhat hostile to Great Britain and to Jordan, but in the circumstances described in paragraph 2 above he was really showing considerable moderation and restraint. The same can, I think, be said of the two Government statements referred to in paragraph 1, on which the vote of confidence was taken. The union is regarded as a unilateral act which at present does not bind Israel, but the prospect of its acceptance through the conclusion of a negotiated settlement is tacitly accepted. Reservations have been expressed with regard to the application

of the Anglo-Jordan Treaty and concern with regard to our arms policy, but this has been done in terms more moderate than could have been possible. The resolutions tabled by Mapam and by the Communist Party received no more than 16 and 2 votes respectively. In rejecting them, the Knesset refused to regard the annexation of areas west of the Jordan as "affecting the historic ambition of the Jewish people to restore the integrity of the country" and as "a threat to the security and independence of the State of Israel by the application of the Anglo-Jordan Treaty to the western side of the Jordan" (Mapam). It refused to restrain the Government from resuming negotiations with Jordan without first repealing the annexation (Mapam) and to support the establishment of an independent Arab State (Communist Party). Though Heruth tabled no resolution and abstained from the voting altogether, rejection of this party's declarations (paragraph 5 above) was also implicit in the results of the proceedings.

11. This debate and vote mark, in fact, an important stage in the development of Israel's foreign policy. As I underlined in the later paragraphs of my despatch No. 21 of 18th January, the Israelis nourish dreams of ultimate territorial expansion.

They are, however, prepared to forego them for the time being in view of the present need for peace; it is, therefore, important that the situation should be sealed off now by agreements which will contain Israel for years to come and permit of her integration in our own plans for the Middle East. On 3rd May both Government and Knesset resisted the temptations of irredentism and accepted the *fait accompli*. If, as I think is to be desired, negotiations with Jordan are now pushed forward to an early successful conclusion, this session will prove to have been one of far-reaching and lasting effect. Despite the fact that its proceedings were orderly and its ending almost an anti-climax, it is perhaps no exaggeration to compare it in the foreign field to the Altalena incident of June 1948, at which the Government took its firm stand against the extremists of Irgun Zvai Leumi and thereby saved the State from disintegration almost at birth.

12. I am sending copies of this despatch to the British Middle East Office in Cairo and to His Majesty's Representatives at Washington, Cairo, Bagdad, Damascus, Beirut, Amman, Jedda and Jerusalem.

I have, &c.

A. K. HELM.

ER 1574/3

No. 17

A SPEECH BY THE PRIME MINISTER OF ISRAEL

(1) Relationship between Zionist Movement and State of Israel; (2) Immigration Policy

Sir K. Helm to Mr. Bevin. (Received 20th May)

(No. 121)
Sir,

Tel Aviv,
12th May, 1950.

In my despatch No. 116 of 5th May I referred briefly to a speech delivered by the Israel Prime Minister to the April meeting in Jerusalem of the Zionist General Council. This speech has since been published. It is of such interest that I have the honour to analyse its contents below. It brings out even more clearly than his speech of last November, reported in my despatch No. 153⁽¹⁾ of 9th November, Mr. Ben Gurion's views on the relationship between the Zionist Movement and the State of Israel. It also clearly states his immigration policy.

2. Mr. Ben Gurion began by stating that he spoke not as Prime Minister but as a Zionist. His purpose was not to answer criticism of his Government but only to clarify certain issues raised by other delegates, particularly those from America. The latter had underlined the problems now faced by Zionists. But there were three classes of Zionists: those who have settled in Israel and are completely identified with Zionism, those who are immigrants or candidates for immigration, and those who at present are not thinking of immigrating. The "perplexity" to which American delegates referred was found if at all, only among these last. Mr. Ben Gurion

⁽¹⁾ No. 30 in Israel Volume for 1949.

stressed that he did not regard them as inferior to other Zionists but he wished to clarify the causes of their confusion of mind. Three things, he said, had changed. Firstly, the State of Israel had been brought into being and is the prime instrument for the realisation of the Zionist aim. One of the greatest problems of Zionism had thereby been solved, so that there was no more cause for disagreement about "the State on the way." To be a Zionist to-day was really a very simple thing. Secondly, immigration was no longer individual: there was now mass immigration which was a matter of necessity of life and death, to the immigrants. It must have priority over all else. Immigration from the Yemen was a messianic movement. The Yemenis had to be saved and brought to Israel: their absorption must be dealt with later. The same would be done for Iraqi Jews. There was no alternative. If to-morrow the gates were opened to the Jews of Roumania they would be received as well, even without adequate housing, employment and food. Thirdly, almost all the lands of the State were now in Jewish possession, yet there were none to settle in it; the problem was now to obtain not land but settlers.

3. To these changes all Zionists must adapt themselves. The Zionist Movement had underestimated its own magnitude. It was no use stirring up artificial controversy. It could be assumed that all sections agreed that with the establishment of the State Zionism had not yet been realised and that the State by its powers alone was unable to realise Zionism. But something important and fundamental had changed.

4. There were, Mr. Ben Gurion said, four problems facing Zionism. The first was that of immigration. Its character had changed. It had become "escape from catastrophe." Anyone who did not consider the good of the State was not a Zionist. Yet this sort of "imperative" immigration, absorbed "in uneconomic, unorganised and irrational circumstances," must take priority even over the State and the interests of its population. The new type of immigrant, unlike his predecessors, arrived almost destitute. He could not be absorbed and organised outside the framework of the State. But even the capacity of the State would be insufficient. The help of the Jewish people must be mobilised. At present only a small part of it was doing only a small part of what it could do. "We need not

the voluntary effort, but an obligation which the State will lay upon Jews for the absorption of immigrants whether they will it or not." There was need also of "a régime which will be enabled to direct the immigrants." The latter had duties and it was a disgrace that young lads should be idle in absorption camps. The Government must compel people to work, to learn and to train, and compel the whole community to help them. Settlements could not be allowed to close their doors or limit their scope. The State must exploit the full capacity of the population and allow nothing else to take priority. But the State alone could not cope with the task. Mr. Ben Gurion appealed to members of the council "not to give us financial calculations." The Zionist partnership was not based on money, he said, but on ideals.

5. The second and bitterest problem was that of settlement. Zionist leaders used to say: "We shall always have Jews for the land." But things had changed. In another four years, after a further million immigrants had come, where could more be found? "There are no Jews to settle the land." Here Mr. Ben Gurion castigated those "Cominform preachers" and Mapam leaders who would deny him the moral right to state his opinion (he was referring to his controversy with the Kibbutsim, which are resisting his efforts to induce them to accept immigrants as hired labourers). Land settlement by Jews must take precedence over every tradition and principle and must be promoted by all methods and in all forms by all those already engaged in settlement. "It would be a denial of human, pioneering and Zionist principles if in the name of any principle anyone should close the way to Jews settling on the land, to the training of Jews on the land." He objected to the quotation of figures showing that nearly 13 million out of Israel's 20 million dunams of land were unfit for cultivation. He would not accept so hasty a verdict. There was danger in "this emptiness," for Israel could not hold these places by the sword for long. The settlement of Jews in their masses on the soil took precedence over everything, even over pioneering. The pioneer spirit of those who did not allow settlement of Jews on the soil had lost its meaning. Immigration without settlement was a failure. And the State would fail if the greater part of its land remained desolate. A task of this dimension could only be carried out with the full power of

the State, backed by the full power of its citizens and pioneers. And it was essential also to have "an institution for development, which will plan, arrange, administer and execute" the work within the framework of the State's sovereignty, laws and taxes, in partnership with the Jewish people: an institution under the supreme authority of the State where Government officials and Zionist officials co-operated.

6. The next problem was that of security. He would not dwell on it, but it was a mistake to imagine that to make the State secure was not expensive. There could be no security without mass immigration and large-scale settlement.

7. Finally there was "the problem of Zionism" (including the question of dual loyalty and the relation of the diaspora to the State of Israel). Mr. Ben Gurion denied the existence of the much discussed "issue between State and Zionism" on the ground that these two were not distinct at all. They were really the same thing, because the State to which the Zionist Movement and the Jewish people aspired did not yet exist except as a "fundamental effort." With the exception of Russia and Roumania, Zionists must have the courage to support Israel in every country, whether their Governments were for Israel or not. If Jews who did not intend coming to Israel failed in this "they will cease to exist."

8. The State was the inheritance and property of the Zionist Movement and the Jewish people: it could not therefore be said that a Jew outside the country had no right to criticise and interfere. But the State of Israel did not need the tutelage of the Zionist Movement. Pushed to its logical conclusion the superficially correct principle that Israel belonged to the whole Jewish people would lead to a Knesset and Government in which Jews from abroad would outnumber citizens of Israel by nine to one, and the former "would assure our loyalty and prevent us from establishing here a Soviet, a totalitarian régime, or any other that might damage the interests of Zionism." It had been proposed instead that the Jewish Agency should maintain an "observer" in the Government. But this was an old controversy which had long been argued between "pioneer Zionism of realisation" and "Congress Zionism." It was the former which had always shown the way. For a long time the Zionist

Executive had in fact been composed of Palestinians. It derived its authority from election by Congress "but its essential strength and motive power came from what had been created in this country." The State was the solid manifestation of the pioneering movement in its highest sovereign form. It was in need of partnership not of supervisors. There could be mutual criticism, but no compulsion. The relationship was on a moral basis. The identification of the Zionist Movement with the State "is necessary without any reckoning of how the tie is forged." Even those who contributed no money had a share in what was being done in Israel, and "by the money you give you acquire no special prerogatives." It was a partnership of ideals.

9. Referring to the present discussions about the essence of Zionism, the Prime Minister said that the Basle programme (of 1897) was a political formula which did not properly express it. No formula could do so, for it was a messianic movement, which aspired towards the redemption of the Jewish people simultaneously with the redemption of the world. "For we," he declared, "shall redeem the world and not America and not Russia. We do not derive democracy from America nor socialism from Russia. The road to the reformation of the world is the road of the people of Israel. For that purpose was it born; that is the meaning of its struggle. And it will achieve its object. Not by force . . . but by being an exemplary people. By the example of its life will it redeem the world." The background of Zionism was love of Israel, not mere friendship or sympathy.

10. After his ambitious flight of messianic vision, Mr. Ben Gurion dealt with criticism from other delegates on some points of detail. He then put forward a number of *desiderata* which Zionists must at present pursue:

- (a) A pioneering movement must exist everywhere (he severely criticised American delegates for a tendency to exclude its possibility in the United States).
- (b) American, British and South African Jewry must supply the skilled men, technicians, scientists and administrators which Israel badly needed in order to "build up the highest standard of human civilisation."

- (c) The Zionist Movement must see to it that all Jewish students spent at least a year at the Hebrew University or the Haifa Technical College.
- (d) The tradition of pilgrimage must be revised: every Jew must visit Israel.
- (e) There must be "true partnership in all projects": every Jew should invest part of his capital in Israel.
- (f) Hebrew must be taught in the diaspora.

11. In a final passage, Mr. Ben Gurion referred again to immigration. In every past wave of immigration there had been two factors: ideal and necessity. But

there was never immigration without vision. To-day, he said, there was another factor: the magnetic force of the State of Israel. Therefore the State must be built up as an example of civilisation, science, education and fraternity to serve as a positive attraction. Jews would then come even if not compelled, for love of Israel would bring them.

12. I am sending copies of this despatch to the British Middle East Office in Cairo and to His Majesty's representatives at Washington, Cairo, Bagdad, Damascus, Beirut, Jedda, Amman, Jerusalem and Haifa.

I have, &c.

A. K. HELM.

ER 2181/2

No. 18

DECISION OF ISRAEL LABOUR TO BREAK WITH THE WORLD FEDERATION OF TRADE UNIONS

Sir K. Helm to Mr. Bevin. (Received 23rd May)

(No. 130. Confidential) *Tel Aviv,*
Sir, *19th May, 1950.*

I have the honour to inform you that on 11th May the Executive Committee of the Histadrut (General Federation of Jewish Labour) decided by 26 votes to 16 to leave the World Federation of Trade Unions. I understand that the Histadrut representative in Paris has been instructed to notify World Federation of Trade Unions headquarters accordingly.

2. As I reported in my despatch No. 8⁽¹⁾ of 6th June, 1949, the Seventh Conference of the Histadrut, held in May last year, adopted a resolution deploring the split which had occurred in the World Federation of Trade Unions. The resolution proposed the sending of delegates to the World Federation of Trade Unions Conference at Milan and observers to the first meeting of the International Confederation of Free Trade Unions at Geneva in the hope of helping to restore international trade union unity. In the event of failure to achieve this aim the executive was empowered to decide future policy regarding the Histadrut's international relations.

3. In the debate on 11th May, Mr. Reuven Burstein, Political Secretary of the Histadrut, moved the main resolution (text enclosed) and was solidly supported by the Mapai (Israel Labour Party) members of the executive. The main theme of these

speakers was that of neutrality. They argued that the international realignment of labour as a result of the World Federation of Trade Unions split was but an extension of the cold war between East and West. Both the World Federation of Trade Unions and the International Confederation of Free Trade Unions were political rather than economic in character and purpose and the Histadrut's membership of either conflicted with Israel's policy of strict neutrality.

4. Replying to Mapam (United Labour Party) accusations, Mr. Burstein denied that the resolution was the result of pressure from the West and said that the British Labour Delegation which visited Israel had expressed sympathetic understanding of the delicate position in which the Histadrut found itself. It is a little surprising, however, that at no time in the debate was reference made to the speech made on 26th March in Chicago by Mr. George Meany, of the American Federation of Labour, in which he criticised the Histadrut's continued membership of the World Federation of Trade Unions.

5. Other points made by Mapai speakers were that the Soviet Union and its satellites were anti-Zionist and that the World Federation of Trade Unions was controlled by the Cominform. Criticism was also directed at the Soviet Union for failing to

reply to a Histadrut request to be allowed to send a productivity team to that country and at Poland for cancelling a proposed tour of Israel by Polish workers.

6. Opposing the resolution, Mapam speakers supported by M.K.I. (Communist Party) claimed that leaving the World Federation of Trade Unions was itself a political act and one calculated to complicate Israel's relations with the Soviet Union and the Eastern European countries. They accused Mapai of anti-communism, and referred to Soviet aid to Israel during the war with the Arabs. Mr. Lubianiker, secretary-general of the Histadrut, admitted the aid but retorted that it was inspired not by sympathy for Israel but by other considerations. "We received arms," he said, "because we fought the British."

7. Mapam put forward its own resolution (text also enclosed) which lauded the World Federation of Trade Unions and denounced the unions which had left it. It also sought to prevent Histadrut from establishing any kind of relationship with the International Confederation of Free Trade Unions. The resolution was of course defeated.

8. The debate seems to have been surprisingly restrained, and press comment has been less than might have been anticipated. This could be due to the airing which the question has been quietly receiving for months and to the knowledge that once it found its place on the agenda the view of the Mapai majority must prevail. Another factor must have been the impossibility of maintaining that continued affiliation with the World Federation of Trade Unions accorded with Israel's declared neutrality in the ideological war. Yet a positive step was required to break that affiliation, and I am informed that though to outward appearance the break was effected quietly there is in fact considerable disturbance beneath the surface. Certainly it must be assumed that the gap between Mapai on the one hand and Mapam and the Communists on the other is widening as Mapam moves further to the Left.

9. Mapam now intends to seek the permission of the Histadrut Executive Bureau, a small body of eight or nine people, to raise the World Federation of Trade Unions issue at the 200 strong Histadrut Council. Under the Histadrut constitution, the bureau could refuse permission. It is, however, unlikely to do so. Mapai has a comfortable majority on the council, and is confident of the outcome.

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10. Yet the air of confidence worn by the Mapai leaders is a little difficult to understand. Mapam is a strong minority as the vote of 26 to 16 shows. It also contains some very aggressive elements. The affairs of Histadrut, therefore, may well be drifting towards a crisis which would leave the organisation sharply divided. Even then it would in my view be wrong simply to interpret the present conflict as one between a pro-Soviet faction comprising Mapam and the Communists on the one hand and a pro-West faction identical with Mapai on the other. The communistic orientation of the minority in the Histadrut is blatant and unabashed, and is becoming daily more so. But it is too soon to cast Mapai in the rôle of the "Western" party, or to expect that its initiative in taking the Histadrut out of the Communist-dominated World Federation of Trade Unions foreshadows an early move towards closer relations with, or membership of, the International Confederation of Free Trade Unions. There are undoubtedly individuals within Mapai who would like to see the Histadrut associated in full partnership with the trade union movement of the West. Equally certainly there are others who genuinely believe in the rightness of a policy of neutrality between East and West. But for the party as a whole simple expediency makes impossible any open rapprochement with the International Confederation of Free Trade Unions. Withdrawal from the World Federation of Trade Unions should, therefore, be regarded not as a tactic designed to orientate the Histadrut westwards, but as an attempt to shake it free of an affiliation which was sincerely felt to be incompatible with the official policy of "non-identification." Neither the Histadrut as a whole, nor the Mapai element within it, are yet ready to make a positive move towards the western camp. The prospects of their doing so at some future time will depend upon many factors, of which ideological sympathies will not necessarily be the deciding ones.

11. I am sending copies of this despatch to the British Middle East Office in Cairo, to His Majesty's Representatives at Washington, Moscow, Cairo, Amman and Jerusalem, and also to the Ministry of Labour and the Joint Intelligence Board.

I have, &c.

A. K. HELM.

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⁽¹⁾ No. 12 in Israel Volume for 1949.

Enclosure in No. 18

*Histadrut Executive Meeting,
11th May, 1950*

*The Histadrut and World Federation of
Trade Unions*

Mapai Resolution

1. The seventh conference of the Federation of Labour (Histadrut) amongst other resolutions passed the following resolutions under the section "The position within the World Federation of Trade Unions":—

(a) The conference appeals to the various factors within the international labour movement, who were wise enough in a time of good will to establish the united framework of trade unions in the world, to rise again and make the necessary compromise and unite in order to prevent the dangerous split and the consolidation thereof.

(b) The Histadrut will send its emissaries to the World Federation of Trade Unions Congress and also observers to the congress of the dissident "minorities" in order to declare the attitude of the Histadrut on the unity of labour movements.

(c) The conference authorises the institutions of the Histadrut to discuss, and to decide, its attitude in respect of the World Federation of Trade Unions in the light of the situation which will be created following the above congresses.

2. The Histadrut executive records its regret that the cold war has shown its effect also within the international labour movement and has deepened the split within it. The World Federation of Trade Unions is split into two, one founded by the trade unions in Russia, the Popular Democratic countries and their allies in other countries, and the other founded by the trade unions in the United States, England and other countries in Western Europe.

3. The very fact that two separate international labour organisations exist and that their organisation is based on world conflict shows that there does not exist one labour body in the world which can justly bear the title of honour of United Internationale and which can serve the aims of the workers at large throughout the world. The existing World Federation of Trade Unions is no longer the general and the comprehensive body to which the Histadrut was affiliated at the time.

4. In these circumstances it is not possible for the Histadrut to continue to remain a member of the World Federation of Trade Unions.

5. Histadrut will continue to foster friendly relations with all labour organisations throughout the world and will welcome any co-operation which will bring with it a blessing to the interests of the workers at large throughout the world and to the social and national redemption enterprise of the Jewish people.

Mapam Resolution

1. The Histadrut regards the World Federation of Trade Unions according to its present structure as a general international trade union framework open to any local trade unions which undertake to adhere to the constitution of the federation and do not violate the discipline of the federation.

2. The Histadrut denounces the several unions which left the World Federation of Trade Unions, and regards this step as a plot against the international unity of the working masses and against the struggle for peace and progress.

3. The Histadrut will maintain faith with the World Federation of Trade Unions which was and still is open to all the workers of the world. It calls on the workers of the world to strengthen the federation in view of the plot of the reactionaries and the attempts of the dissidents.

4. The Histadrut will not recognise in any manner, and will not come in touch with, the organisation which was established by the dissidents.

ER 1111/9

No. 19

ISRAEL BUDGET FOR THE FISCAL YEAR 1950-51

Sir K. Helm to Mr. Bevin. (Received 23rd May)

(No. 129E. Confidential) *Tel Aviv,
Sir, 16th May, 1950.*

In my despatch No. 89E of 30th March I reported that the Knesset had approved temporary budgets for the first quarter of the fiscal year commencing 1st April, 1950. The budget proposals for the full year have now been introduced in the Knesset.

2. Although a proportion of the total expenditure on defence is included in the ordinary budget (£1.10 million as against £1.75 million last year) the main defence budget remains secret. The Finance Minister recently stated, however, that well over £1.100 million had been spent on security since May 1948. The rate of expenditure must of course have dropped in the interval, but I have some reason to believe that the secret defence budget is at present in the neighbourhood of £1.30 million per annum.

3. Despite frequent references to the achievements of the past two years, in the provision of houses and employment for immigrants and ex-soldiers, and increased agricultural and industrial production, the main thread running through the Finance Minister's budget speech was one of anxiety about the general economic situation.

4. Referring to production he claimed that the index of work days in industry in December 1949 was 30 per cent. above the 1948 average, that agricultural output in mixed farming would be 50 per cent. more this year than in 1947-48, and that national output as a whole was now 35 per cent. higher than in May 1948. But he said that the high level of immigration, the lack of investment in proportionate volume and the diversion of skilled labour into the defence services had resulted in a decrease in overall output *per capita* of 18 per cent. over the last two years. Stressing the need for investment he said that whereas £1.320 million had been required over this period only £1.120 million had been forthcoming. He quoted £1.600 to £1.650 (another new figure) as the average cost of immigrant absorption, and on the basis of this estimated that investment at the rate of £1.150 million a year would be necessary in future to keep up with immigration and the natural increase in population.

5. Mr. Kaplan then referred to inflation and presented a dark picture. During the last fiscal year bank deposits had risen by 40 per cent., currency in circulation by 48 per cent.; the velocity of circulation had also increased and reductions in the cost of living had freed additional purchasing capacity for unrationed goods. Despite the initial success of the austerity scheme, the Government could claim no progress towards their main objective in this field which was to divert the inflationary pressure into investment.

6. The Minister proceeded to give the official figures, which have hitherto been secret, for the balance of payments in 1949. See table below.

	£1. Million
Commodity imports	87.7
Invisibles	5.3
Total	93.0
Visible exports	10.6
Invisibles	9.9
Foreign contributions	24.5
Sterling balance releases	8.5
Imports without payment	21.4
Export/Import Bank loan	6.6
Against other obligations	11.5
Total	93.0

The import figures, which are public, must of course cover only a small part of foreign expenditure on defence, while the cryptic item "against other obligations" is believed to arise from some difficulty in Government circles themselves, in accounting for the total volume of imports. Possibly imports without payment were higher than £1.21.4 million.

7. In summing up the financial situation Mr. Kaplan referred to the negotiations with the United Kingdom, and congratulated the Israel delegation on their success. He said: "The agreement with Britain opens the way for the renewal of commercial and economic relations between our two countries which is for the good of both. But our sterling balances are becoming exhausted."

8. After guarded references to the general uncertainty of future sources of foreign exchange, Mr. Kaplan continued: "We will

pass from our present straits into open waters, but not without making sacrifices in our everyday life. . . . If we do not succeed in increasing output in the near future, we shall have no alternative but to introduce far-reaching austerity."

9. The Minister then introduced the ordinary and development budgets, statements of which are attached. As regards the former, he pointed out that expenditure was 33 per cent. higher than last year, but that it was hoped to cover this without using the surpluses from 1948-49. (It is not known what these surpluses amount to since the accounts have not yet been made public.) He referred to the increased allocation for defence, and expressed regret that the total defence budget absorbed so much of the national income. Mr. Kaplan said that it was not proposed to introduce any new taxes or to alter existing ones, though the Government would be prepared to consider tax allowances to encourage increased output and increased exports.

10. With regard to the development budget of £1.65 million, the Minister admitted that this expenditure was of an inflationary nature but claimed that "sooner or later" it would help to restore equilibrium in the balance of payments. An endeavour had been made to reduce investment in building and public works and to increase expenditure in industrial development since it had become increasingly clear that in this field the Government must take the initiative and sometimes take risks.

11. The main features of the ordinary budget are the increases in expenditure on the Health, Education, Social Welfare and Labour Ministries. Police expenditure also shows a considerable increase and food subsidies are double those for last year. On the revenue side it is hoped to collect an additional £1.3 million from income and absorption taxes. Despite the present restriction on imports of luxury goods, which are subject to high rates of duty, it is estimated that customs receipts will show an increase of £1.1½ million. The increased rates and scope of the luxury tax are estimated to bring in £1.3½ million as against £1.1 million in last year's budget. The property betterment and inheritance taxes have been relative failures since receipts are estimated at much lower rates than when these taxes were first introduced.

12. Despite Mr. Kaplan's statement that every effort had been made to concentrate on developments which would increase

production, the development budget shows a very high proportion of expenditure which will not show any direct return in agricultural or industrial output. Housing takes £1.21·7 million, communications £1.6 million, and public works, Government buildings and loans to local authorities are other large items.

13. To what extent it will be possible to spend £1.65 million on development projects in 1950-51 remains to be seen. Various bottlenecks, such as shortages of skilled labour and of materials, and bad weather, prevented the full implementation of last year's development programme, and there is no reason to suppose that there will not be similar difficulties this year. Although Mr. Kaplan is inclined to look only at the financial side, there is no doubt that there will be great physical difficulty in putting into operation in this small country the large development schemes which he contemplates.

14. On the revenue side of the development budget all the foreign exchange is to come from the Export/Import Bank loan, which will last for one more year at this rate. The inflationary tendency of the local internal financing is patent. The final item of £1.3½ million arises from repayments to the Government from private enterprise in respect of goods purchased from the Export/Import Bank loan. These payments are received in advance of the Government's obligation to commence repayment to the Bank.

15. On the whole it must be said that, although a measure of self-congratulation and vague optimism was not absent, the Finance Minister did not try to conceal the seriousness of the financial situation. But he had no patent remedy for it. The budget proposals are on the same lines as before, and show no adequate attempt to tackle the grave problems of foreign exchange, of low and poor quality production and of inflation, which are gaining in intensity.

16. The budget debate began on 16th May. It is likely to be prolonged and there is every indication that the Government will come in for heavy criticism from right and left.

17. I am sending copies of this despatch to the British Middle East Office, the Treasury, the Commercial Relations and Exports Department of the Board of Trade, the Export Credits Guarantee Department and to the Joint Intelligence Bureau.

I have, &c.

A. K. HELM.

Enclosure in No. 19
*Proposed Annual Budget, 1st April, 1950,
to 31st March, 1951*

ORDINARY BUDGET

<i>Estimated Revenue—</i>	<i>£l.</i>
Income Tax (including Absorption Tax) ...	13,500,000
Customs ...	9,250,000
Fuel ...	3,600,000
Excise—	
Tobacco ...	4,750,000
Drinks ...	2,600,000
Miscellaneous ...	300,000
Luxury Tax ...	3,500,000
Property Taxes—	
Urban ...	1,300,000
Agricultural ...	200,000
Revenue stamps ...	1,300,000
Licence fees ...	1,250,000
Government Services—	
Land registry ...	1,000,000
Miscellaneous ...	750,000
Collections on account of loans and Government property ...	1,700,000
Property Betterment Tax ...	400,000
Inheritance Tax ...	100,000
Miscellaneous ...	300,000
Compulsory War Risk Insurance ...	1,500,000
Food Division of Supply Ministry ...	2,000,000
Collections on account of agreement with Britain Communications Ministry Services—	400,000
Posts, telegraph, telephone and radio ...	3,023,670
Ports ...	2,613,000
Railways ...	1,503,330
Total ...	56,840,000

<i>Estimated Expenditure—</i>	<i>£l.</i>
President's Office ...	32,000
First Knesset ...	360,000
Ministers ...	30,000
Prime Minister's Office ...	1,056,000
Finance Ministry ...	1,560,000
Defence Ministry ...	10,000,000
Health Ministry ...	4,000,000
Religious Affairs Ministry ...	500,000
Foreign Affairs Ministry ...	1,460,000
Education Ministry ...	4,100,000
Agriculture Ministry ...	1,500,000
War Sufferers' Ministry ...	150,000
Commerce and Industry Ministry ...	240,000

Estimated Expenditure—(continued)

<i>Supply and Rationing</i>	<i>£l.</i>
Ministry ...	1,450,000
Police Ministry ...	3,350,000
Justice Ministry ...	725,000
Social Welfare Ministry ...	1,900,000
Labour and Social Insurance Ministry ...	2,800,000
Immigration Ministry ...	330,000
Interior Ministry ...	400,000
Local authorities ...	1,400,000
Government Comptroller Communications Ministry (Deficit) ...	175,000
Rehabilitation of servicemen ...	250,000
Payment of debts and interest ...	3,600,000
General reserve ...	3,300,000
Rehabilitation of war sufferers ...	1,132,000
Subsidies on essential food	1,500,000
Payments on account of agreement with Britain Communications Ministry Services—	2,000,000
Posts, telegraph, telephone and radio ...	400,000
Ports ...	2,721,000
Railways ...	2,250,000
Others (minus deficit of £1. 250,000) ...	1,565,600
Total ...	602,800
	56,840,000

DEVELOPMENT BUDGET

<i>Estimated Income—</i>	<i>£l.</i>
United States Export/Import Bank loan ...	16,500,000
State real property bonds	35,000,000
Local and foreign loans ...	10,000,000
Repayments for equipment bought with Export/Import Bank funds ...	3,500,000
	65,000,000

<i>Estimated Expenditure—</i>	<i>£l.</i>
Housing ...	21,750,000
Loans to local authorities	6,500,000
Government buildings ...	3,000,000
Public works ...	3,000,000
Promotion of tourism ...	1,250,000
Agricultural expansion ...	11,300,000
Industrial expansion ...	8,700,000
Communications ...	6,000,000
Miscellaneous ...	3,500,000
	65,000,000

ISRAEL: MONTHLY REVIEW OF EVENTS FOR MAY 1950

Sir K. Helm to Mr. Younger. (Received 9th June)

(No. 142. Confidential) *Tel Aviv,*
Sir, *6th June, 1950.*

I have the honour to enclose a general report on Israel for May 1950.

2. I am sending copies of this despatch and the enclosure to the British Middle East Office in Cairo and to His Majesty's Representatives at Amman, Bagdad, Cairo, Damascus, Beirut, Jedda, Jerusalem and Karachi.

I have, &c.

A. K. HELM.

Enclosure in No. 20

Monthly Report on Israel for May 1950.

General.

1. The outstanding event was the issue on 25th May of the Anglo-American-French statement of Middle East policy with special reference to the supply of arms and respect for existing frontiers. Its reception in Israel was good and the April clouds on Anglo-Israel relations were removed, at any rate for the time being.

2. The Israel Government accepted the proposals of the Palestine Conciliation Committee for a resumption of negotiations at Geneva, but refused to enter into any prior commitment *e.g.*, as regards Arab refugees.

3. The Government and the Jewish Agency decided to set up a co-ordination board to allocate responsibilities for immigration, absorption and settlement.

4. The economic situation shows no improvement. The foreign trade balance is worse, there is an acute shortage of foreign exchange which may limit purchases of raw materials and cripple industry, *per capita* production has fallen, and the Finance Minister could not do otherwise than paint a grim budget situation. Even the Prime Minister is reported to have spoken of "catastrophic immigration," which must however continue.

Foreign Relations.

5. The union of Arab Palestine and Jordan was debated in the Knesset on 3rd May when, after some days of concern, the Government obtained a surprisingly large majority for its policy of acceptance without recognition.

6. The manœuvres of the Arab League Political Committee have been fully reported but without comment.

7. The policy of His Majesty's Government in supplying arms to the Arab States while refusing them to Israel aroused much criticism. The campaign was however arrested on 25th May with the issue in London, Washington and Paris of a tripartite statement in which the three Powers declared their unalterable opposition to the use of force between Middle East States and made arms supply dependent in the first instance on assurances against their being used for aggressive purposes. The Israel Government announced its satisfaction and re-affirmed Israel's desire for a final settlement with the Arab States. The statement had a generally favourable press with the inevitable exceptions of the Left and extreme Right wings. Mapam and the Communists declared it to be a move in the cold war against the Soviet Union and an attempt to create an anti-Soviet base in the Middle East. There was a tendency elsewhere to read into the statement a promise that all restrictions on the sale of arms to Israel would now be lifted. This over-hasty interpretation faded to a more cautious attitude of "wait-and-see," expressed by the Prime Minister in a debate in the Knesset which followed on 31st May. He went on to welcome the declaration of the three Powers' intention to resist the use of force in the Middle East but recalled "with surprise and concern" the hitherto one-sided flow of arms to those who had never ceased to threaten a new war against the State of Israel.

8. Rejecting the Jerusalem statute adopted by the Trusteeship Council in April, on the grounds of its impracticability and injustice to the city's inhabitants, Israel put forward in a memorandum submitted to the council on 26th May a new plan for the international control of the Holy Places in Jerusalem. The memorandum proposed the vesting of rights over the Holy Places directly in the General Assembly of the United Nations. The authority of the United Nations in Jerusalem would thus depend not upon a contractual agreement with the occupying States as formerly suggested by the Israel

Government, but would derive from an internationally-recognised statutory right. A United Nations representative or authority would be appointed with the task of supervising the protection of the Holy Places, adjudicating disputes, maintaining existing rights, ensuring freedom of access and facilitating the movement of pilgrims. Deriving its powers solely from the General Assembly, it would not be dependent on or subordinate to any individual Government.

9. A number of breaches of the Israel-Jordan Armistice Agreement by both sides have been reported and shots have been exchanged, causing casualties. The incidents are being investigated by the Mixed Armistice Commission.

Internal.

10. The Jewish Agency, acting on instructions from the Zionist General Council, and the Government have agreed to set up a joint Co-ordination Board to deal with problems of immigration, absorption and settlement. Consisting of four Ministers headed by the Prime Minister and five representatives of the Agency and the National Fund, the board is already operating. Its composition is being strongly criticised by Mapam, since five of its members belong to Mapai and the remaining four to the Religious Bloc and Progressives,— all coalition parties.

11. Plans are under way to move immigrants from transit camps to tents in places where they can be usefully employed. This is urgently necessary in view of the forthcoming expected arrivals from Iraq and elsewhere. It is also a tacit admission that absorption is losing ground.

12. The Prime Minister has been campaigning to induce the communal settlements to employ new immigrants as hired labourers. Finding opposition from Kibbutsim of all classes he has concentrated on appealing to Mapai elements among them. In two speeches in Northern Israel he called for "total pioneering" on the part of Mapai youth in support of the tasks of absorption, which the State alone is unable to fulfil, and criticised Mapam's communistic tendency to crush out individual initiative. It has been suggested that the pioneers would be used to combat communism.

13. By a vote of 26 to 16 the Executive Committee of the Histadrut decided to leave the World Federation of Trade Unions. The decision was taken on the ground that the split in the World Federation of Trade Unions and the setting up of the International Confederation of Free Trade Unions constituted an extension of the cold war between East and West. It was opposed by the Mapam membership but, though referred to the Histadrut Executive Council, it is not likely to be reversed.

14. An ambitious scheme of cradle-to-grave social security has been announced by the Ministry of Labour and Social Insurance. It would be widely comprehensive and estimated to cost £1.23 million a year, though it is pointed out that a large part of this would be a transfer of expenditure already being incurred. In present circumstances the scheme is not taken seriously but it is obviously a luxury which, owing to the effects of unlimited immigration, the State of Israel can certainly not afford.

15. An immigrant camp, occupied mainly by Yemenites, was picketed for some days by representatives of the Histadrut and of the Petah Tikva Labour Exchange. It was alleged that newly-arrived immigrants were obtaining employment direct and under-cutting established rates of pay. The affair, which has important implications, led to a heated debate in the Knesset after which the pickets were withdrawn—on what terms is not known.

16. A new wage scale for employees of the Histadrut was agreed by the Executive Committee on 18th May. It provides increases ranging from £1.5 to £1.11 per month and is retrospective to 1st January, 1950. The total wage includes a basic figure, family and cost of living allowances plus a representation element in certain cases. The decision is of interest in view of the Histadrut policy of holding down wages in general as a means of countering inflation. However, those conversant with the situation claim that a wage increase for Histadrut staff was long overdue. Certainly the decision seems to have aroused no controversy. Even so, it is not a good sign.

CONVERSATION BETWEEN THE MINISTER OF STATE AND THE DIRECTOR-GENERAL OF ISRAEL TREASURY

Negotiations relating to the Haifa Oil Refinery

Mr. Younger to Sir K. Helm (Tel Aviv)

(No. 115. Confidential) *Foreign Office,*
15th June, 1950.

Mr. Horowitz, the Director-General of the Israel Treasury, accompanied by the Israel Chargé d'Affaires, called this morning. He said he wished to inform me of the situation which had been reached in his negotiations relating to the Haifa Oil Refinery. He said that it was the view of his Government that the flow of oil through the pipe-line or alternatively the passage of oil in tankers through the Canal might have been obtained by political means. This opportunity, however, had been missed, and he was seeking some solution to the inactivity of the Haifa Oil Refinery which would not raise difficult political issues. He had therefore proposed to the Anglo-Iranian Oil Company that they should restart operations at the refinery with crude oil, either obtained from Venezuela or brought round the Cape from the Persian Gulf. The refinery had, in fact, operated for a few weeks in this way and apparently no political considerations had arisen. The difficulties had been of an economic nature. Now, however, the economic prospects for such an operation had much improved, owing particularly to a fall in the freight charges. He had put before the companies proposals for operating at about one-fifth or a quarter of capacity, and the companies had agreed that this could now be done on a profitable basis. They had, however, suggested, rather to his surprise, that political considerations were involved, and that they must consult the Foreign Office. Mr. Horowitz therefore very much hoped that we would be able to approve of this scheme going ahead. He did not know what the

political considerations might be. He thought it would be impossible to explain to public opinion in Israel that the Governments either of Iraq or of Egypt were able, not only to prevent the passage of oil, but also to prevent the company from refining oil brought from elsewhere.

2. Mr. Horowitz emphasised that his negotiations with the company had been of the friendliest nature. He said that legislation passed by the mandatory Government was in existence which would enable the Israeli Government to operate the refinery themselves. They had, however, made it quite clear that they were exceedingly reluctant to make use of this legislation. They felt it would damage relations with the companies and with this country and would, moreover, be a very dangerous precedent for the whole of the Middle East. Mr. Horowitz ended by saying that he very much wanted a quick decision from the company, and asked that I should do everything I could to facilitate it. All he wanted was a decision from the company. He realised that the Government would probably not wish to be associated with the decision at all. I said that I would look into the matter.

3. Our initial reactions to Mr. Horowitz's proposals have been favourable. The matter is, however, still under consideration and I shall be addressing you further when a conclusion has been reached.

4. I am sending copies of this despatch to His Majesty's Representatives at Washington, Paris, Cairo, Bagdad, Beirut, Damascus, Amman, Jedda, the B.M.E.O., Tehran, Bahrein and Caracas.

I am, &c.

K. G. YOUNGER.

SITUATION IN ISRAEL

Mounting Economic Difficulties

Sir K. Helm to Mr. Younger. (Received 16th June)

(No. 148. Confidential)
Sir,

Tel Aviv,
8th June, 1950.

I feel that the time has perhaps come for a fresh round-up of the Israel situation. I say this not because there is any important development of recent months which I have not already recorded but rather because such change as there is—and in some directions it is considerable—has been gradual. It has also been imperceptible and generally speaking it has owed little to any spectacular happening.

2. This was to be expected. The Israelis have tackled a long uphill pull which they have hardly begun. But they are increasingly aware of the gigantic and prolonged effort which will be required of them. Faint-hearted among them there may be, but they are few. The majority remain confident—even supremely confident—though it seems to me also more sternly confident. For life is harder and the responsibilities of statehood more complicated. Nor is there anyone foolhardy enough to suggest that the burden will become lighter. The influences at work are much too sobering for that.

3. Of these the economic remain by far the most important, and uncontrolled immigration the greatest single factor. But where a year ago immigration figures evoked enthusiasm, to-day's attitude is one more of resignation. Nobody suggests, or perhaps would even dream of suggesting that any Jew should be refused entry to Israel. But many certainly wish that they were not so numerous or at least that they brought more worldly wealth with them. Yet they still come—roughly two-thirds nowadays are oriental Jews—and their lot does not improve. The prospect of their absorption is now officially admitted to be remote and although steps are being taken nominally to reduce the numbers in the immigrant camps this will be effected merely by the establishment of other camps in the vicinity of which it is hoped to create work. It is a face-saving palliative which provides no solution and which, according to present plans, will still leave not less than 100,000 immigrants under canvas next winter.

4. The fact is that not only integration but also absorption (meaning the provision of a roof) now lag increasingly behind immigration, even though the figures of the latter are lower than they were. Also not only is work more difficult to find but the labour organisations have resorted to camp picketing to prevent immigrants taking labour at cut rates. At the same time repeated appeals by the Prime Minister to the communal settlements to compromise on their principles by taking immigrants as hired workers have been summarily rejected. Thus in communal agriculture as in the more general labour field the principle of the closed shop is rigidly enforced. But with every week that passes the proportionate strength of those inside that shop is weakened and outside there is a growing flood of unabsorbed unemployed immigrants who, unless present trends are sharply reversed, and in spite of the proved Jewish patience in such circumstances, seem bound to burst open the doors and demand their share of what little there may be going. Meanwhile they remain almost entirely unproductive. Yet they have to be maintained. The financial burden is a heavy one and has strained the finances of the Jewish Agency which once more has had recourse to Government assistance.

5. But immigration is only one facet of an extremely difficult Government financial situation. My Commercial Secretary dealt with this at some length in the memorandum enclosed in my despatch No. 137 of 27th May. It is true that the budget shows a paper balance. But it provides only a partial picture and the Minister of Finance has been at no pains to hide his concern about the future. The overall budget does not balance, capital investment, both internal and from abroad, has disappointed, wages remain high, production is low and often of poor quality, and just lately there has developed an acute shortage of foreign exchange. For the first time this extends even to dollars, due at least in part I believe to advances made available last year in New York appreciably in excess of the amounts which the results of the United

Jewish appeal finally justified. They have therefore to be repaid from this year's collection which though apparently going fairly well is not up to expectations. Meanwhile the \$100 million Export-Import Bank loan is being rapidly exhausted, with its service soon to raise its head, and serious inroads are being made on Israel's sterling balances. Without these there could not be even a semblance of budgetary balance. Their forthcoming disappearance as providers must indeed be the cause of great concern to the Israel Government.

6. Yet little of all this is reflected in the picture which daily unfolds itself to us here. Rather is there every sign of profitable activity—road making, bridge building, house and factory construction, tree planting, irrigation pipe line laying, mechanised agriculture, apparently rising bank deposits, and ever faster, larger, heavier and noisier means of motor transport. I frequently ask myself whether there is any solid support for all this or whether it is not more comparable to those bright water-jet-supported balls which provide popular targets for marksmen at country fairs. The answer I think is that the support is more solid than it seems but that the façade of material progress conceals menacing weaknesses. Financial support from outside is more than ever a cardinal necessity. It is however closely followed by the urgent need for the normalisation of relations with the neighbouring States, and it seems to me that as the demands on the State grow and foreign contributions show no corresponding increase, this need becomes monthly more important. Not that I think the Arab boycott fundamentally threatens the existence of Israel. But the resumption of trade and above all the return of confidence with full concentration on peaceful pursuits (bringing with it the elimination of much of the present military and police expenditure) would afford welcome relief to a hard pressed economy which is menaced by inflation and which at the best must compromise on many jealously guarded principles and face much greater austerities before it can emerge from its present trials.

7. In conditions like these—and many observers would paint them in darker colours—the Israel Government carries a heavy responsibility. All the Prime Minister's efforts to broaden the basis of his Government have failed. It remains a Labour one dependent in Parliament on

the vote of the religious *bloc*. In the first six weeks of the resumed session, however, there have been fewer fireworks and the Government seems to have had an easier passage than in the spring. It is true that the budget has been the main subject of debate and that the more delicate issues, such as education, have been sidetracked. But stern realities have probably also been a sobering influence and I have the impression that at the moment none of the non-coalition parties, except of course the Communists, wants seriously to embarrass the Government.

8. But this does not mean that political feeling is dead, or even dormant. The Mapai-Mapam struggle continues as the rift between the two develops. Somewhat surprisingly, Mapai's success in securing a vote for the withdrawal of the Histadrut from the World Federation of Trades Unions caused hardly a ripple on the surface of the political sea. But behind the scenes and in settlements and industry there is great political activity which more correctly reflects the growing ideological differences between the two major parties. In this Mapai, as the party responsible for Government and forced to compromise with its Socialist principles, is necessarily at a disadvantage, while its rival is free to exploit its freedom and to indulge in irresponsible talk. But matters have gone further than this and in fact some elements in Mapam have gone so far along the Communist path, or at least the one parallel to it, that any hope of a reconciliation between the two Socialist parties has virtually disappeared. The ultimate fate of both and the question of which will finally emerge triumphant remains to be determined.

9. Meanwhile Mapam is little behind the Communist Party in paying lip-service to Moscow and the Cominform, in denouncing Mapai for lending itself to Anglo-American designs, and in pledging support to the peace campaign. This approach hardly conforms to the policy of neutrality or non-identification to which all parties are pledged, and has provided the Prime Minister with opportunities which he has not been slow to seize for outspoken attacks on the Cominform. In doing so he could with reason claim that it is he, rather than his opponents, who is defending the non-identification position, and that it is they who by their actions and propaganda have made a neutral approach appear

relatively pro-Western. So far Mr. Ben-Gurion has not I think replied in exactly these terms. Nor I feel would such a reply carry much real conviction. Few to-day regard the present Israel Government as entirely neutral between East and West. It in its turn has become rather less disinclined to show its colours. From this point of view the readiness with which the Israel Government agreed to receive at the end of this month an official visit from the Commander-in-Chief, Mediterranean, is certainly not without significance. For

varying reasons, the visit can hardly be popular either with the extreme Left or the extreme Right. But in many ways it represents a far cry from 14th May, 1948.

10. I am sending copies of this despatch to the British Middle East Office, Cairo, to His Majesty's Representatives at Washington, Cairo, Bagdad, Beirut, Damascus, Amman, Jedda and Jerusalem, and to the Joint Intelligence Board.

I have, &c.

A. K. HELM.

ER 1054/37

No. 23

A CONVERSATION WITH THE ISRAEL PRIME MINISTER, MR. BEN-GURION

(1) Anglo-Israel Relations; (2) Situation in the Middle East; (3) Israel's Internal Problems

Sir K. Helm to Mr. Younger. (Received 7th July)

(No. 168. Confidential) Tel Aviv,
Sir, 1st July, 1950

Several times this year I have mentioned to your department the Israel Prime Minister's detachment from the Diplomatic Corps here and my own regret at being unable to exchange views with him. The break seemed to date from the Israel decision of December last to transfer the capital to Jerusalem, and emerged clearly enough from our experience over the recent visit of the Commander-in-chief, Mediterranean. Previous to that I had mentioned to my American colleague my regret at the lack of contact and I have reason to believe that he, who I knew was seeing Mr. Ben-Gurion occasionally, did try to help. On 26th June, as Sir John Edelsten and I were leaving the Prime Minister after the Admiral's courtesy call, I made a very pointed remark, to which Mr. Ben-Gurion replied that he was, in fact, going to ask my wife and me round very soon. Three days later came an invitation to tea yesterday and after it I had rather more than an hour alone with Mr. Ben-Gurion.

2. Our talk started with Korea, America's action over which obviously greatly pleased the Prime Minister. He was convinced that Russia did not want war yet and that she would find an excuse for retirement when confronted with firmness.

3. We quickly passed to the local situation, I having reminded him that to my great

regret I had so far taken part in only one serious conversation with him, *i.e.*, on the occasion of Sir William Strang's visit a year ago. I suggested that quite a lot had happened since then. Mr. Ben-Gurion emphatically agreed but claimed that much yet remained to be done. He spoke of the Anglo-Israel financial agreement as a "very generous" arrangement under which we had accorded Israel quite exceptional treatment. *De jure* recognition and the Three-Power Declaration were also important developments, though the latter could mean much or very little. He was not, however, belittling its importance either from Israel's point of view or from that of whatever effective guarantee it contained against the violation of frontiers. But, so far as Israel and the United Kingdom were concerned, two fundamental problems remained. The first was peace, and the second arms. Israel must have peace. She was faced with acute problems of immigration, foreign exchange, and development. These she could not solve until she felt her position more secure. She did not want to spend money on arms. But so long as others were being supplied with arms and so long as they nourished hostile designs against Israel, Israel also must arm. He thought he was fairly well informed about Arab armaments, which greatly exceeded those of Israel. Fortunately, Israel had a superior spirit. But this was not enough, the more so as Egypt for

instance had an appreciable number of foreign, including German, experts and advisers. In reply to my close questioning on this point, Mr. Ben-Gurion said his knowledge was certain that these experts, including scientists, were in Egyptian Government employ. He was less certain whether Egypt actually had foreign pilots but he knew that they could readily be obtained.

4. The Prime Minister admitted that there had been a real change in the British approach towards Israel over the past year. But he claimed that some people still clung to the old ideas and did not accept Israel. Among these he put the Secretary of State and "some of his Middle East advisers." On this I took him up very firmly indeed and pressed him with great earnestness to believe that the Foreign Office was responsible for British foreign policy and that the acts of the past year spoke for that policy. There was no question of there being two policies in Downing Street. He was also quite wrong in thinking that we did not wish to see peace and tranquillity restored to this part of the world. That was the whole object of our policy. We kept going over this ground for a good twenty minutes, I repeatedly begging him to get the misconception about the Secretary of State and the Foreign Office out of his head and to see that the peace of which he spoke was our logical and obvious desire. But I emphasised that the peace which we sought could not be based on a choice between Jews and Arabs. He was realist enough to be able to estimate our Middle East interests and to appreciate why we must have good relations with the Arab States. But our purpose was to integrate Arabs and Jews and to have good relations with both. Mr. Ben-Gurion said that this had not always been the British approach. I said I was not arguing about the past but was trying to help in building the future. He thereupon said that the object which I had explained was exactly his own. If we could bring about peace between the Arabs and the Jews and get them working together (a task which was by no means so difficult as many people thought), we should establish a solid bastion in the Middle East and have made a very great contribution towards peace.

5. This was his earnest desire. As he had said, Israel must have peace. In spite of the events of a year or two ago and of some remaining bitterness, Israel and Jewish friendship for England was a real thing.

It existed and had not to be won. Perhaps he himself privately was too well-disposed towards England but he had no doubt that, unless events made it impossible, Israel should be completely identified with Britain. Some people thought it was now too late for Israel to become a part of the British Commonwealth. He himself did not think so. But, even if this were not possible, a co-ordinated Arab-Jewish unit in the Middle East would amply fulfil Britain's purpose.

6. The urgent question was to get peace. Were we doing as much as we might in this direction? I spoke of the Jordan negotiations and, though the Prime Minister did not argue nearly so strongly as Mr. Shiloah has been doing for our taking a more positive line, he clearly hoped we should. Actually, he seemed much more interested in Egypt and enquired whether our desire for peace extended to all the Arab countries. I said it certainly did but that I had not seen much sign of Egypt being anxious to enter upon talks. The Prime Minister said that so far as Israel was concerned, Egypt was the one State that really mattered. Egypt had never wanted to engage in the 1948 war and had only done so under Iraqi pressure and on being assured that it would be a picnic. Many Egyptians were not anti-Jewish and many he thought wished for peace. Could we not bring pressure on King Farouk? He remarked that on a previous occasion we had got our way through pressure on His Majesty. I suggested that the precedent was not perhaps a very happy one. I then told him that in our view and in the absence of simultaneous negotiations with all the Arab countries, the best thing seemed to be to aim at an initial settlement with one and that that one could best be Jordan. The Prime Minister did not dissent and from there we again got back to more general talk about Israel's need for peace. Mr. Ben-Gurion hoped that the sincerity of my remarks would be established by events. When that happened something really great would have been accomplished.

7. The foregoing was the essence of the conversation. We did, however, touch on a number of other points which I will dismiss very summarily:—

(a) Communism

The Prime Minister said there was very little activity. The Israel Communist Party itself did not count. He greatly regretted being unable to get Mapam into the Government. But, though the wing led by Sneh, the careerist, was virtually

Communist, the greater part of its material was good and I gathered that he did not despair of getting back that support one day.

(b) Religious bloc

Like President Weizmann the other day, the Prime Minister said that the approach of the Religious bloc was impossible in a modern State. They would have to be made to learn, but religious feeling was a delicate thing and he feared that education might take quite a long time. The whole question was of the utmost importance for the State and would not be readily solved.

(c) Foreign Exchange

The Prime Minister said that this was a very acute problem. It would persist for some time but if Israel could get through the next three or four years—and she certainly would—things should come all right. Development was going forward and in the Negev encouraging water discoveries had been made.

(d) Immigration

He still counted on a further million immigrants coming to Israel within the next four or five years. The flow from Roumania had considerably increased of late and the average age was appreciably lower. He saw no hope in present circumstances of getting Jews out of the

Soviet Union although the Israel Government had recently applied to Moscow for high level discussions. As usual, no reply had been received. I remarked that it might be embarrassing if by any chance the Soviet Government were to agree to let Jews out for a limited period. The Prime Minister agreed and said that he did not want the Russian Jews now but that in any case there was no likelihood of anything of the kind happening.

8. We then talked for a few minutes about the probable effects on the future of Israel of the fusing of European, North African and Oriental bloods and the effect on them all of environment. We agreed to pursue this subject another day and I left him after he had asked me, if I saw the Secretary of State when I went to London, to convey his compliments and good wishes and to say that in spite of the feelings created by the events of recent years, he still remembered with gratitude Mr. Bevin's assistance to the Jewish cause on many occasions, and particularly once at a time when Mr. Arthur Henderson was Foreign Secretary.

9. I am sending copies of this despatch to the British Middle East Office in Cairo and to His Majesty's Representatives at Cairo, Bagdad, Beirut, Damascus, Amman and Jedda.

I have, &c.

A. K. HELM.

ER 1013/11

No. 24

REPORT ON ISRAEL FOR JUNE 1950

Sir K. Helm to Mr. Younger (Received 7th July)

(No. 169. Confidential) Tel Aviv
Sir, 5th July, 1950.

I have the honour to enclose a general report on Israel for June 1950.

2. I am sending copies of this despatch to the British Middle East Office in Cairo and to His Majesty's Representatives at Amman, Bagdad, Cairo, Damascus, Beirut, Jedda, Jerusalem and Karachi.

I have, &c.,

A. K. HELM

Enclosure in No. 24

Monthly Report on Israel for June, 1950

General

The main event in Anglo-Israel relations was the courtesy visit on 26th and

27th June of the Commander-in-Chief, Mediterranean, which took place in an atmosphere of genuine cordiality. It was closely followed by the announcement of an agreement between the Government and the oil companies for the partial re-opening of the Haifa refinery, which was generally regarded as a major success for the Israel Government. Both events gave much satisfaction.

2. A somewhat troubled situation has persisted on the Israel-Jordan frontier and a series of incidents has caused concern. In the main they have been born of infiltrations from the Jordan side which have been thrown back with undue severity. There seems to be an urgent need for closer contact between the responsible Jordan and Israel authorities.

3. After a 30-hour debate extending over several weeks the budget estimates were passed on 29th June. The Minister of Finance did not minimise the difficulty of the financial position, further proof of which were the fund-collecting visits during the month of the Minister of Labour to the United States, of the Speaker to South America, of the Minister for Foreign Affairs to South Africa, and of a Foreign Office official to the United Kingdom. So far this year the proceeds of the United Jewish appeal are behind those of the first half of 1949, which themselves were disappointing.

4. Meanwhile the immigration figures show a sharp rise, thus further complicating the financial situation.

Foreign Relations

5. A new step in the progress of Anglo-Israel relations was marked by the courtesy visit of Sir John Edelsten, Commander-in-Chief, Mediterranean, in H.M.S. *Surprise* on 26th-27th June. The Israel civil and military authorities, by no means indifferent to the significance of the occasion, set out to do proper honour to the first high ranking officer of a foreign Navy to pay an official visit to Israel. Government and press alike (with the exception, as always, of the press of the extreme Right and Left) showed their appreciation of the friendly intent of the visit and the sour comments of Heruth and the pro-Soviet parties were drowned in general expressions of goodwill and hatchet-burying. Typical of these was the observation of the most responsible of the daily papers that "the visit will teach us that a State with political maturity knows how to rectify the mistakes of the past. Sir John's visit will recall the days when the British Navy fought the Axis and defended the coasts of this country."

6. The visit of the Director-General of the Ministry of Finance to London for discussions with representatives of the Anglo-Iranian Oil Company provoked a spate of rumours, no doubt officially inspired, that failing agreement on the re-opening of the Haifa refinery the Government itself would be empowered, by virtue of rights alleged to derive from mandatory legislation, to take over and operate the refinery. The announcement at the end of the month that agreement had been reached and that the refinery would resume operation with tanker-borne crude oil sufficient to meet the Shell Company's share (roughly two-thirds)

of the Israel market was obviously very welcome, though the estimates of the foreign exchange likely to be saved thereby for Israel seemed excessive.

7. The decision of the Trusteeship Council to refer the question of Jerusalem back to the General Assembly was greeted with approval. Gratification was expressed at the favourable reception given to the Israel plan for the control of the Holy Places.

8. There has been continuous strain between Israel and Jordan as a result of reports of numerous incidents on the border and mutual recriminations about them in the press of both countries. The number of Arabs who have been illegally crossing the armistice demarcation line appears to have greatly increased for two reasons: firstly, Arab peasants have been trying to reap crops sown on the Israel side of the line and, secondly, large convoys of Arab refugees have been making their way by night from the Gaza strip to Hebron across Israel territory. Israel handling of this situation has come in for severe criticism in the foreign press. This applies particularly to the action of the Israel army authorities, who on 31st May rounded up a group of 120 Arabs who had crossed near Latrun and who were driven back near the southern end of the Dead Sea. The choice of this remote waterless point and the conditions under which the operation was carried out were indefensible. They have not been convincingly denied by the Israel Government, which is, however, believed to have taken steps to prevent a repetition of anything of the kind.

9. An enquiry by visiting members of the United Nations Relief and Works Agency established that the Israel Government no longer stood by their offer of last year to have back up to 100,000 Arab refugees.

Internal

10. On 13th June the Knesset ended the long controversy about the drafting of a State Constitution by adopting a compromise formula. The Parliamentary Committee for Constitution, Legislation and Justice is to prepare a series of draft "fundamental laws," each of which will become an article of the future Constitution. No time limit is set. The opposition parties saw in this move an attempt to sidetrack the whole issue, while at the same time making it appear that something was being done.

11. Compromises of this nature must be the order of the day as long as Mapai relies

for parliamentary support mainly on the Religious *Bloc*, with whom it has ideologically so little in common. A latent cabinet crisis is continually simmering. On 22nd June, Rabbi Maimon, Minister of Religions, once more threatened to resign. His immediate complaint was a cut in the budget of his ministry, but he also delivered himself of a tirade about kosher meat, Sabbath observance and the like.

12. The quarrel over education (paragraphs 12-14 of my March report) reawoke to life. An official committee appointed to investigate allegations that the Cultural Department of the Ministry of Education had pursued a policy of anti-religious pressure in Yemeni transit camps produced its report. It took a middle line, giving full satisfaction to neither side. Meanwhile the six persons invited to represent the "general trend" representatives on the council is mentation of the Compulsory Education Law continued to boycott its meetings on the ground that the number of "labour trend" representatives on the Council is unduly large. There has also been friction between the Ministry of Education and the Municipalities of Tel Aviv and some other towns over the procedure for conducting registration of pupils under the new school régime.

13. In all these disputes the main theme is the Histadrut's alleged attempt to expand its school network at the expense of other educational trends by abusing its own economic power and the privileged political position of Mapai. The issue used to be one on which Mapam and Mapai were generally allied against all other parties, but the movement in favour of unified instead of partisan education appears to have been gaining many adherents within Mapai during recent months.

14. The lag between immigration and absorption continued to cause considerable anxiety. Figures for May showed 12,432 newcomers as compared with 8,700 in April: the rate of arrival thus returned to about the average of last winter. This was due largely to an increase of immigration from Roumania, which has now risen to about 1,200 a week. So far some 3,000 have come from Iraq. With 70,000 reported registered for emigration from Roumania and 50,000 expected from Iraq, the programme of 150,000 in the current year seems likely to be exceeded.

15. Although the report has been denied, there is reason to believe that two leaders of

the United Jewish Appeal organisation who came over from America to confer with those responsible in Israel urged that immigration should be curtailed for six months until funds could be replenished by new contributions, and to have warned the authorities here that if the realities of the financial situation were ignored "the whole thing would blow up in their faces." They were told that to curtail immigration would be to abandon a cardinal mission of the State and would precipitate a political crisis in Israel. Moreover, Roumanian and Iraqi Jewry had at present a chance which must be seized: should they miss it, the responsibility for disaster involving tens of thousands would rest on the Jews of America.

16. The transit camp population continued to be in the neighbourhood of 85,000 to 90,000. It is as yet too early to assess the possible effect on "absorption" of various new plans for getting immigrants to work in labour camps and generally speeding up their passage through the reception centres.

17. On 11th June, Mapai published a Declaration dissociating itself from the activities of the "Peace Committee" in Israel, which has been collecting signatures to a petition against atomic warfare. The Mapai Central Committee pointed out that the committee was a branch of the Soviet-sponsored "Peace Congress," which is "one of the organisations and instruments of the World Communist Movement" and "a tool in the hands of one of the parties in the cold war." This would appear to reflect the general opinion in Israel. Nevertheless the Peace Committee, which is run jointly by Mapam and the Communists, has collected a good many signatures, though the figure of 175,000 claimed by its sponsors at the end of the month is probably an exaggeration.

18. Arab grievances were voiced by a delegation from Upper Galilee which called on the Presidium of the Knesset on 21st June to present a petition said to have been signed by 12,000 persons. Its main purpose was to plead for abolition of the military areas within which movements of Arabs are restricted to such an extent as to cause economic distress. They complained of arbitrariness and discrimination in the issuing of travel permits and identity papers, and harsh treatment of offenders. The delegation included Communists and was

supported by articles in the local Communist press; its grievances were later taken up by *Pravda* in Moscow.

19. On 29th June, the Knesset by a vote of 60-34 passed the ordinary budget estimates of £1,59,340,000. The development budget estimates will be presented next month, while the security budget will be dealt with behind closed doors by the Parliamentary Finance Committee.

20. In the course of the debate the Minister of Supply and Rationing announced reductions in the meat and sugar rations and the intention of the Government

to regulate the supply of raw materials to export industries according to their productive efficiency. The raw materials requirements for industry and agriculture had been generally met, but within the last few weeks a critical situation had developed in the supply of raw materials paid for in foreign currency. "In spite of reductions in the cost-of-living allowance," he said, "we have not yet bridged the great gap between the cost of products and the prices which the world market is ready to pay for them. The attempt to bridge this gap is the second step of our economic struggle."

ER 1574/7

No. 25

ISRAEL: DEVELOPMENTS IN JEWISH IMMIGRATION

Passage by the Knesset of the "Law of Return"

Sir K. Helm to Mr. Younger. (Received 14th July)

(No. 173. Confidential) Tel Aviv,
Sir, 11th July, 1950.

I have the honour to report that on 5th July the Knesset passed a "Law of Return" formally declaring the right of every Jew to immigrate to Israel.

2. This law, of which I attach a translation, was tabled simultaneously with a draft Nationality Law. But whereas the latter will require time and discussion before its final adoption—it passed its first reading on 10th July after a debate which centred on the principle of dual nationality—the former was rapidly dealt with by exceptional procedure in order that its passage might coincide with the anniversary of the death of Theodore Herzl, founder of Zionism. It formulates a principle which everyone here admits, and constitutes a first step in the direction of the "basic laws" destined to build up a State Constitution, about which, as I reported in my despatch No. 159 of 20th June, the Knesset took a decision last month. But it is something more than a formal act or a historic gesture. Against the background of opposition to the limits imposed on immigration under the mandatory régime and of the occasional murmurs against indiscriminate mass immigration heard to-day among Jews, especially in America, it is not without practical significance.

3. The law was voted unanimously, after opposition and Religious Bloc spokesmen had proposed that its positive provisions should be made more sweeping and irre-

vocable by not granting such wide powers to the Minister of Immigration to refuse visas to prospective immigrants. Their amendments were rejected by the majority for reasons which Mr. Ben-Gurion expressed when he said: "We are not building a jail or a lunatic asylum . . . we do not want a collection of prostitutes, criminals and Nazi collaborators."

4. The enactment of this law provides a fitting occasion for a review of the latest developments in immigration. In my despatch No. 52 of 17th February, I described how Israel, having taken in some 340,000 newcomers since independence, entered the year 1950 with 90,000 of them "unabsorbed." Half the year has gone by and that figure has not fallen. They are not all the same people, but the number, which is the maximum the camps can hold, is more or less constant owing to continual new intake. For during the first six months of this year over 72,500 new immigrants have arrived, bringing the total since May 1948 to about 413,500. What follows is an attempt to analyse the trends observable in this half year, as compared with previous years.

5. The rhythm of immigration over the past eight months has dropped to a monthly average of about 12,500. This marks a very considerable falling off compared with the corresponding period a year earlier, when nearly twice as many immigrants were arriving. There is unlikely to be a reversion to the average rate of that peak period, which included such phenomenal monthly

figures as 27,831 (December 1948) and 30,747 (March 1949). But the Jewish Agency is said to anticipate that the intake will increase somewhat in the second part of this year, giving a total of perhaps 180,000 for 1950 instead of the 150,000 predicted (and budgeted for) a few months ago. Even so, 1949, with its monthly average of nearly 20,000 and its total of 239,141, will probably remain the record year so far as numbers are concerned.

6. Turning now to the places of origin of these masses, a distinct swingover has continued to be observed in favour of the Orient. Two years ago, oriental Jews were a small minority among the immigrants: they are now a strong majority. Statistics for 1948 are not quite complete, since of the 118,993 who immigrated in that troubled year as many as 15,582 failed to declare their birthplace. Even with this lacuna the preponderance of European Jews is striking: 75.3 per cent. of the total were of European origin (with Poland, Roumania and Bulgaria outstripping all other countries), while Africa provided 7.1 per cent. and Asia only 4.1 per cent. There is little doubt that most of the undeclared 13 per cent. were Europeans too. During 1949 the proportion changed. As shown by the figures quoted in my Chancery's letter 1822/45/50 of 6th June, Europeans dropped in that year to 50.9 per cent. (with Poland, Bulgaria, Czechoslovakia and Roumania leading, and between them accounting for 40 per cent.). Meanwhile the percentage of Asiatics had risen to 29.8 per cent. owing to the arrival of 35,000 from the Yemen and 26,000 from Turkey, and that of the North Africans had risen to 16.5 per cent.

7. The shift in the balance has been still further accentuated this year. Accurate statistics are not yet available but the trends have been sufficiently analysed in a press conference and broadcast given on 27th June by Mr. Yitzhak Raphael, head of the Jewish Agency's immigration department, from which much of what follows is derived. According to him the figures for the first five months of the current year show 37.8 per cent. to have been Europeans, with Roumania accounting for 16.3 per cent. and Poland for 14.2 per cent. Asiatics accounted for 34.2 per cent. of the whole, of which the Yemen provided 13.1 per cent., while Iraq, the new source of mass immigration, already accounted for 10.3 per cent. Africans had risen to 26.2 per cent. The rest of the world provided under 2 per cent. Thus the proportion of "oriental" Jews

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of all sorts, which in 1948 was a bare 11 per cent. of the total, grew to 46 per cent. by 1949 and is this year 60 per cent.

8. Although a continued high percentage of oriental Jews appears likely, immigration has proceeded by waves. First there were the displaced persons from camps in Europe and Cyprus (1948 and early 1949). Bulgaria sent in about 5,000 a month from November 1948 to May 1949 and then dried up completely. The peak period for Czechoslovakian Jews was January to July 1949 (over 14,000); for Turkish it was March to August 1949 (23,000). Very few are now coming from either. From August to December 1949 the Yemenis were coming in at an average rate of 6,000 a month: then the wave subsided, till finally in the last two months that source too has nearly dried up. Immigration from Libya began to increase in the latter half of 1949 but the flow from there seems unlikely to continue at quite the same rate, even though the expectation that Libya will be self-governing by 1952 is said to provide a stimulus impelling Jews to leave while they still can. To-day Iraq and Persia stand in the front line of urgent mass immigration. But these fresh sources of oriental population are now competing with a renewed influx of immigrants from Roumania and Poland.

9. Owing, it is said, to "administrative bottlenecks" no more than 3,000 Jews have so far arrived from Iraq, but it is hoped to arrange for them to come in at the rate of 4,000 a month. Estimates of the total to be expected vary from 30,000 to 150,000. From Persia two types of Jew are expected. The ordinary resident presents no unusual problem, but there is now a mass movement among the Jews of Persian Kurdistan. According to Mr. Raphael, they have heard that the Messianic age has begun and that "the great Sultan of Israel" (meaning Mr. Ben-Gurion) has summoned all Jews to Israel. In their eagerness to get there they are trekking first to Tehran, where they camp by thousands in the Jewish cemetery without roof or food, awaiting transport to Israel. It is said that the incidence of death and disease among them is appalling but that the Jewish Agency and other public bodies have now stepped in: they are receiving relief and being flown to Israel.

10. Turning next to Roumania, we learn that 17,500 have come from there during the last eight months. This does not represent a very high monthly average, but it could be greatly increased if there were more transport facilities, since, according to

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Mr. Raphael, no less than two-thirds of the 120,000 Jews of Roumania have registered for emigration to Israel. In any case it is a great advance on the immediately preceding months. In 1948 the monthly average rose gradually from about 1,500 in the first half of the year to about 3,000 in the second. The trend continued in the first two months of 1949; then came an almost total eclipse for the next eight months. Since then emigration has again revived and is now going ahead with increasing rhythm. It has just been announced that 4,600 came from Roumania during June.

11. The story of immigration from Poland is similar but is less easy to assess, since the vast majority of Jewish immigrants of Polish birth received in the early stages of mass immigration were displaced persons coming from other countries. The number of Polish Jews from all quarters received in the first year of Israel's independence amounted to 60,000. As many as 9,938 came in March 1949, but after May the wave gradually subsided. During this time only a few hundreds a month were being allowed to come from Poland itself. But towards the end of 1949 the Polish Government relaxed the restrictions which it had hitherto imposed, and emigration from Poland began on a broader basis. It is now proceeding at the rate of nearly 2,000 a month and 11,000 Jews from Poland have reached Israel since December 1949. Here again the process could be and may be speeded up by the provision of additional transport. The problem is regarded as urgent since Jews who wish to emigrate to Israel must, by the terms of the Polish Government's dispensation, be out of the country by September 1950. There has been some talk of seeking a postponement of this deadline but so far as I know the request, if made, has not been granted.

12. These four sources of mass immigration, Roumania, Poland, Iraq and Persia, were said by Mr. Raphael to account at present for 80 per cent. of the total intake into Israel. In conclusion he dwelt upon considerable improvements which, according to him, are observable in the quality of the immigrants recently received. First, there is a marked improvement in their state of health as compared with a few months ago. Secondly, there is a considerable change for the better in so far as the age groups are concerned: the average age of the new immigrant is now lower than it was until quite recently. (If true, this is an important development: but the Finance Minister told the Knesset as recently as 21st June, quoting

statistics, that the proportion of bread-winners among immigrants was steadily declining.) Finally, a larger proportion of future immigrants are, according to Mr. Raphael, receiving professional training of various kinds in preparation for life in Israel.

13. In adopting the Law of Return, the Government and the Knesset have pledged themselves to keep the gates of Israel open to all comers of Jewish race. As wave after wave flows in the State Administration, the Jewish Agency and other bodies must do their best to cope with problems as they arise. The pressure defies all planning, even for six months in advance. Psychological and political conditions in the various foreign countries concerned sometimes restrict emigration, but they sometimes make it a matter of urgent necessity, a chance not to be missed. The difficulties to be faced in the sphere of finance, organisation and the like are immense. In practice they set some limits on the movement, despite the proclaimed (and apparently sincere) intention of those responsible not to limit it deliberately. Less than 15 per cent. of the immigrants at present cover their own transportation expenses, and the average cost of bringing one immigrant to Israel is about \$100. Once here, he still has to be "absorbed" and turned into a productive citizen. This great multiple migration is a financial and economic adventure of the first magnitude.

14. It is also a political and demographic enterprise of incalculable effect. One out of every three Jews in Israel to-day has arrived within the past two years. What will be his political and social orientation? Will his vote disturb the present balance of party power? Will he prove a progressive and productive element or a deleterious parasite? The immigrants have come from some sixty countries, two-fifths of them being orientals, most of them attached to Jewish religious tradition. What part will they play in the quarrel between Church and State, secular and religious law, which is forever simmering and bound to boil over some day? What effect will they have on the race—on its morals, health, temperament and physical type? These are some of the many questions which are being asked but which nobody is competent to answer. But at least one impressive thing is the apparent confidence of those now governing and administering the State that these new masses will be fitted into the framework provided for them by those who came before, and will scarcely disturb the pattern of public life. They may be right.

15. I am sending copies of this despatch to the British Middle East Office in Cairo and to His Majesty's Representatives in Cairo, Tehran, Warsaw, Bucharest, Bagdad, Amman, Damascus, Beirut, Jeddah and Jerusalem.

I have, &c.

A. K. HELM.

Law of Return passed by the Knesset on 6th July, 1950

1. Every Jew has the right to immigrate to the country.

2. (a) Immigration shall be on the basis of immigrant visas.

(b) Immigrant visas shall be issued to any Jew expressing a desire to settle in Israel, except if the Minister of Immigration is satisfied that the applicant—

(i) acts against the Jewish nation; or

(ii) may threaten the public health or State security.

3. (a) A Jew who comes to Israel and after his arrival expresses a desire to settle there may, while in Israel, obtain an immigrant certificate.

(b) The exceptions listed in Article 2 (b) shall apply also with respect to the issue of an immigrant certificate but a person shall not be regarded as a threat to public health as a result of an illness which he contracts after his arrival in Israel.

4. Every Jew who migrated to the country before this law goes into effect, and every Jew who was born in the country either before or after the law is effective enjoys the same status as any person who migrated on the basis of this law.

5. The Minister of Immigration is delegated to enforce this law and he may enact regulations in connexion with its implementation and for the issue of immigrant visas and immigrant certificates.

ER 1018/4

No. 26

TREATMENT OF ARABS IN ISRAEL

Sir K. Helm to Mr. Younger. (Received 21st July)

(No. 177. Confidential)

Tel Aviv,

Sir,

17th July, 1950.

With my despatch No. 57⁽¹⁾ I forwarded to you on 24th February a copy of a despatch addressed to me by His Majesty's Consul-General at Haifa dealing with Communist activity among the Arab population there. I indicated that this would be followed by a further report after Mr. Ezard had studied the situation in the country districts. I now have the honour to enclose a copy of a despatch⁽²⁾ in which Mr. Ezard has incorporated some of the results of his investigations in the Arab villages of Galilee. It does not indeed touch on Communist activity among the Arabs—a theme of particular interest on which he has promised a separate report in the near future—but it does throw much light on the Arab grievances which are at hand for Communist propaganda to exploit. These amount to disabilities and injustices on a considerable scale.

2. In his second paragraph, Mr. Ezard points out that he has had to depend almost exclusively on information from non-Israel

sources. He has also stressed this fact to me in conversation. But even allowing, as in the circumstances one must, for a measure of exaggeration, the picture remains a grim one. A large number of those Arabs who remained in what is now Israel and who took no active part in the Arab-Jewish war have been deprived of their homes and lands. Many who still own land are prevented from cultivating it, yet they still have to pay taxes; some have no alternative but to sell it at very low prices. Thousands are crowded into certain permitted areas, dependent on relief from international bodies, unable to find work, treated as "absentees" under a law which provides much opportunity for abuse. For those with work, the wage rates are lower than for Jews; for cultivators' produce there are special low purchase prices. The Arabs are in fact treated as second-rate citizens, and Mr. Ezard suggests that more may be leaving the country than are infiltrating into it in the North. Those belonging to higher social categories are the more inclined to quit. Indeed, it appears to be officially assumed

⁽¹⁾ No. 10 in this Volume.

⁽²⁾ Not printed.

that they will and must emigrate. There is talk of Government plans for a resettlement of the peasantry, but some observers foretell that efforts will be made to induce the masses, too, to leave Israel territory.

3. Other sources confirm to some extent the picture painted by Mr. Ezard. The well-known journalist, Jon Kimche, at present in Israel, to which he is by no means hostile, has recently written a series of articles on the Arab question. In his opinion, "unless a sincere settlement is reached between Israel and the Arab States very soon" the Israel Arabs "are a doomed people"; for if security considerations continue to dominate Israel policy "the pretence that the Arabs in Israel are either equals or welcome fellow-citizens and that they can be economically integrated" had better be abandoned and the Arabs would do better to sell out and leave the country. He confirms the existence of a Government plan closely resembling that described in Mr. Ezard's paragraph 21, including the detail that about 5,000 landlords, ex-mandatory officials and merchants (14 per cent. of the breadwinners) are considered unabsorbable and "will have to emigrate" with their families.

4. Recent events also tend to show that the hopes entertained some months ago of a more liberal Government approach have so far been defeated. A Government enquiry begun early in the year following troubles at Nazareth produced no positive result. The evils continue but are little known to the public. But from time to time the harsh treatment meted out to Arabs by the police and army are brought to the notice of the public. A comb-out for infiltrators at the village of Abu Ghosh, near Jerusalem, on 8th July has caused a good deal of bad feeling. This is the second time in five months that the village, well known for its sympathy for the Jews, has been raided, its inhabitants kept standing about for hours and a proportion of them expelled. On 12th July the Communist Deputy, Mr. Toubi, complained in the Knesset that over 200 Arabs had been deported from Majdal to Ramleh, where they had no hope of obtaining work or maintaining themselves. Efforts had been made to induce them to leave the country for Gaza. In general, force and severity seem to be increasingly popular instruments where Arabs are concerned; thus, according to the press of 15th July the Arab inhabitants of four houses on the armistice line near the Sanhedria quarter of Jerusalem were forcibly expelled by the military, and the operation was

accompanied by measures of precaution and alarm on an absurd scale. And perhaps the clearest proof that the Arabs are being treated as second-class citizens is the fact that the Nationality Bill at present before the Knesset only extends citizenship to Arabs who received identity cards at the census of November 1948, whereas any Jew who immigrates to Israel will automatically acquire citizenship. This means that out of the 165,000 Arabs believed to be at present in Israel, about 102,000 will have to go through a naturalisation process and may perhaps never acquire Israel nationality.

5. In reply to complaints, Israel authorities are never tired of repeating that materially the Arabs are on the whole better off than before. This is in fact true of some, as, for instance, those living in Jaffa. But in the main they are labourers and craftsmen. The situation of the *intelligentsia* is very different. For them there is no room in Israel. And even prosperous labourers are the exception. In general, the indictment in Mr. Ezard's despatch seems valid.

6. Bad though the situation is, however, there is a ray of hope. There was a time when the Arab grievances were voiced almost exclusively by the Communists, with Mapam occasionally playing second fiddle. Mapam is now seriously concerned and often takes the lead. Not only so, but the problem of the Arab minority is becoming a live issue in the independent press and to some extent also in the Knesset. On 20th March the leading newspaper in Israel, the independent Liberal *Haaretz*, carried an article showing some comprehension of the injustices done under the Absentees' Property Act. A leading article on 12th July recalled Jewish sufferings in their minority days, and this was followed on 14th July by an article from the pen of Roy Elston, a British gentile journalist who enjoys some popularity in this country, protesting against the handling of the Abu Ghosh perquisition and the terms of the Nationality Law. Moreover, the Abu Ghosh search and more particularly the cavalier manner in which the Israel Prime Minister sought to prevent any debate upon it in the Knesset have not had a good press. Nor, I gather, have these events added to the popularity either of Mr. Ben Gurion or of General Yadin, the Chief of Staff, whose youthful impetuosity seems to be doing neither the increasingly intolerant Prime Minister nor the State of Israel much good.

7. Better influences are therefore at work, and these I have been quietly seeking to encourage. Even so, and greatly though the

Jews could benefit from the industrious labour of the present Arab population and even of many more if they were here, it would be rash to think that the Israel Government now have in mind anything other than an almost completely homogeneous Jewish State, or that there can be any early expectation of the Arabs enjoying full civil rights. In these circumstances I continue to question whether those who campaign for the return of Arab refugees to territory which is now Israel have at all

at heart the future well-being of the refugees themselves.

8. I am sending copies of this despatch, with its enclosure, to the British Middle East Office in Cairo and to His Majesty's Representatives at Amman and Beirut (also for the information of Sir Henry Knight), and without its enclosure to His Majesty's Representatives at Washington, Cairo, Baghdad, Damascus, Jedda, Jerusalem and Haifa.

I have, &c.

A. K. HELM.

ER 1013/12

No. 27

MONTHLY REPORT ON ISRAEL FOR JULY 1950

Mr. Chadwick to Mr. Bevin. (Received 4th August)

(No. 190. Confidential) Tel Aviv,
Sir, 2nd August, 1950.

I have the honour to enclose a general report on Israel for July 1950.

2. I am sending copies of this despatch to the British Middle East Office in Cairo and to His Majesty's Representatives at Amman, Bagdad, Cairo, Damascus, Beirut, Jedda, Jerusalem and Karachi.

I have, &c.

J. E. CHADWICK.

Enclosure in No. 27

Monthly Report on Israel for July 1950

General

The main event of the month was the debate in the Knesset on Israel's support of the United Nations action on Korea. Accusations from the Left-wing Opposition that the Government had thereby departed from its declared policy of non-identification were refuted by the Minister for Foreign Affairs, who declared that non-identification was not the same as neutrality. The Government obtained a large majority.

2. Tension between Israel and her Arab neighbours was heightened by incidents on the Egyptian and Syrian frontiers and by an attack on a Lebanese civil aircraft by an Israel fighter.

3. Warnings by the Prime Minister and others that greater austerity was on the way were fulfilled by the introduction at the end of the month of a strict clothes-rationing scheme.

Foreign Relations

4. On 4th July the Knesset debated the Government's policy in support of the

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United Nations resolutions on Korea. After an Opposition motion of non-confidence had been defeated by 79 votes to 19 with only Mapam and the Communists voting in its favour, a Mapai-sponsored resolution approving the Government's policy was passed by 68 votes to 20 with 8 abstentions. The Minister for Foreign Affairs declared that there was no doubt which side was the aggressor. The Government could not admit that the United Nations could be stultified by the failure of one member to participate in its deliberations. The Government of Israel had undertaken to abide by the Charter and had based its foreign policy on the United Nations. This bond had conferred both rights and duties. The principle of non-identification could not be perverted into the repudiation of world peace or used as a pretext for running away from Israel's responsibilities to the United Nations. In the event of Israel again becoming the victim of aggression she would urge the United Nations intervention in her defence. This imposed upon the Government the obligation to oppose and condemn aggression wherever it might occur.

5. At a subsequent press conference Mr. Sharett drew a distinction between neutrality and non-identification, emphasising that it was not the Government's policy to refuse to take sides in a controversy, but to avoid any permanent association with either side.

6. Incidents involving breaches of the armistice agreement have occurred with three of Israel's neighbours. On 30th June, according to the Israel Government, an Israel patrol engaged in routine activities crossed the Egyptian demarcation line and

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promptly recrossed when it was fired on and realised its error. The Egyptian account alleged that a full-scale attack had been launched by the Israelis with air support, but that the invaders had been beaten off. Egypt has requested that the incident be brought to the notice of the Security Council.

7. One kibbutz member was killed and another injured on 12th July when they came to the rescue of an Israel police motor-boat seized by Syrian soldiers on the shore of the Sea of Galilee. In the Israel-Syrian Mixed Armistice Commission the Syrians are reported to have admitted responsibility for a violation of the Armistice Agreement.

8. On 25th July an Israel fighter plane fired at a Lebanese civil aircraft, killing a member of the crew and one passenger and wounding others. An official communiqué claimed that the aircraft was seen near Rosh Pinah in Israel territory and that the fighter, after firing warning shots, had given up the chase in order not to cross the Lebanese frontier. According to the Lebanese version, the attack took place inside the Lebanon. Israel has protested through the Mixed Armistice Commission against the violation of its territory, while the Lebanese Government are reported to have sent a strong protest to the Secretary-General of the United Nations.

9. It has been announced that the Palestine Conciliation Commission is to return from Geneva to Jerusalem early in August and will resume first-hand contacts with the Israel and Arab Governments.

10. A conference of all heads of Israel diplomatic missions, except the Israel Minister to Australia, was held at Tel Aviv and Jerusalem between 17th and 23rd July. The object of the conference was stated to be a general stocktaking of Israel foreign policy; the conference had been planned long before the events in Korea.

11. Sweden, Norway and Denmark have announced their recognition of Israel *de jure*.

12. Members of the Knesset delegation which visited the United Kingdom at the invitation of the Speaker of the House of Commons returned on 30th July. Mr. Lubianiker, the leader of the delegation, told the press that they had been received with generosity and friendship.

Internal

13. On 5th July (Herzl's birthday) the Knesset rapidly passed a "Law of the Return" proclaiming the right of every Jew to immigrate to Israel. With it had been

tabled a draft Nationality Law which seems likely to require considerable discussion. Objections have been raised to the admission of dual nationality contained in some of its clauses. These two measures are the first of the "fundamental laws" by which a State Constitution is gradually to be built up (see paragraph 10 of Sir Knox Helm's June report).

14. Several important measures were passed towards the end of the month. On 25th July the Knesset abolished corporal punishment and completed the first reading of a Bill abolishing capital punishment for all crimes except treason. This measure, which is also to be regarded as a "fundamental law," proved highly controversial. The Knesset also passed the German Property Law, which provides for the liquidation of German property in Israel and the use of the proceeds as compensation for Israel citizens who have claims against German institutions or individuals. On 31st July the Knesset passed a law to establish a Development Authority which will acquire title to enemy and absentee property in Israel, will either make use of it by constructing roads, buildings, &c., or will sell it to the State, the Jewish National Fund, the local authorities or to an institution to be established by the Government for the settlement of Arabs.

15. The dispute over education (paragraphs 12-13 of Sir Knox Helm's June report) continued with less acrimony. The rift between the Ministry of Education and the Tel Aviv Municipality seems to have been largely healed, and the implementation of the law as it now stands seems to be going forward with less difficulty.

16. Discussion of the Arab question was conducted throughout the month by the press and the public, which showed a certain sensitivity regarding the treatment meted out to the Arabs. It was forced on public attention, among other things, by a police raid on Abu Ghosh, a village near Jerusalem well known for its pro-Jewish sentiments and activities in the past. During the debate on the Nationality Bill it emerged that out of the 165,000 Arabs now in Israel only some 63,000, who received identity cards in November 1948, would be allowed Israel citizenship; the rest would have to acquire it by applying for naturalisation. At the same time any Jewish immigrant would automatically qualify for it on arrival. Only spokesmen of Mapam, the Communists and the Nazareth Arabs protested against this discrimination.

17. The Sephardin, who returned four Deputies to the Knesset in January 1949, now have only three. On 6th July the party expelled Mr. Eliahu Eliashar from its ranks. An extreme advocate of private enterprise, he had announced after the budget debates of June that he was "leaving the Government coalition" owing to Mapai's autocratic handling of economic issues.

18. Six Zionist leaders from the United States, including Dr. Nahum Goldmann, chairman of the Jewish Agency's American branch, and Mr. Henry Montor, director of the United Jewish Appeal, arrived on 31st July for a "whirlwind visit" to discuss fund-raising with the Government and the agency. The appeal is going "not too well," and the floating of a world-wide Jewish loan was openly mentioned by them on arrival as a possible theme of discussion.

19. Immigration figures appeared to show a continued tendency to rise. The figure for June was 14,373, or about 2,000 more than in the previous month. Roumania, Poland, Iraq and Persia are, for the moment, the main sources. According to the Jewish Agency, by mid-July the population of the

reception camps had been reduced from 90,000 (15th May) to 69,000 owing to the institution of temporary work camps ("Ma'avaroith") from which the inmates go out to work on agriculture, afforestation and the like. Whether the "absorption" of immigrants is really effected in this way remains to be seen. Even in such towns as Ramleh (now almost entirely Jewish) a high proportion of the population is only kept going by providing part-time employment of a somewhat artificial kind.

20. More drastic rationing, suppression of the black market and increased production for export are the order of the day, as the dearth of foreign currency makes itself felt. At a much publicised workers' conference in the middle of the month the Prime Minister and other Mapai leaders were at pains to give warning of the possibility of a serious crisis ahead. On the 18th the Knesset, alarmed mainly by the Korean situation, forced a vote to set up a committee to study the Government's supply policy, and took up allegations of extensive black market operations. A parliamentary investigation has now been put in hand.

ER 1015/42

No. 28

MAPAI PARTY CONVENTION

Mr. Chadwick to Mr. Bevin. (Received 25th August)

(No. 209)
Sir,

*Tel Aviv,
23rd August, 1950.*

I have the honour to report that the seventh national convention of the Mapai Party was held in Tel Aviv from 15th to 19th August. Some significant speeches were made, resolutions were passed in support of the present Government's policy, and elections were held for the higher committees which direct the party. Nothing new emerged and there was little or no criticism of the policies being followed by the party leaders.

2. The Palestine Labour Party (in Hebrew, Mifleget Poalei Erets Yisrael—whence the name "Mapai," made up of the initials) was founded in 1930 by the amalgamation of various groups. At its previous convention, which took place in 1946, 616 delegates attended, representing 19,600 members who had taken part in the voting. But membership of the party was greater than this figure would suggest, and even in those days it was able to secure a total vote far outnumbering

its own membership whenever elections were held to bodies representing all Palestinian Jewry. Thus in August 1944, the votes cast for Mapai at the elections to the Elected Assembly totalled 73,669 and at those for the 22nd World Zionist Congress (October 1946) they were 68,939. By the time of the Knesset elections of January 1949, the Mapai vote had increased to 155,274. What degree of support Mapai enjoys in the country today will no doubt be shown at the local government elections to be held on 14th November of this year. Meanwhile, the increase in strength since 1946 is brought out by the fact that in 1950 the conference was attended by over 1,450 delegates, that 65,350 persons participated in their election and that the party now totals about 85,000 registered members, all of whom are also members of the Histadruth.

3. In opening the convention, Mr. Zalman Aharonowitz, secretary-general of the party, stated that 40 per cent. of its members were new immigrants who had come to Israel

since the establishment of the State in May 1948. 40 per cent. is precisely the proportion of the present total population of Israel which has entered the country since independence. Any political party which is not losing ground must be able to show a comparable increase in its membership. The statistics seem to show that Mapai has been making special efforts during this year to enlist new adult members: it entered it with just under 73,000 registered members.

4. The high proportion of newcomers in the party membership was reflected at the convention, in which nearly one half of the delegates are said to have been new immigrants. But this did not imply any new departure in policy or change in leading personnel. The Mapai Party—and indeed to a large extent the country as a whole—is led, indoctrinated and managed by a “pioneer aristocracy” of early immigrants mostly of Russian and Polish origin, who are solidly entrenched in the Government, the administration, and the various economic and social enterprises connected with the Zionist and Socialist movements. All Mapai conferences now tend to take the form of lectures delivered by these unquestioned veteran leaders to the rank and file of the party. The seventh national convention was no exception. At its conclusion a council of 401 members was chosen, which proceeded to elect 131 of its members to form the Central Committee or “Centre” of the party. All Mapai leaders at present serving in the Government, the Jewish Agency Executive and the Histadruth Central Committee were elected members of the centre. There is little doubt that the Executive Bureau and the Political Committee—two bodies which the Centre must elect and which in effect conduct the party's affairs—will be composed largely of familiar figures drawn from the “pioneering aristocracy.”

5. Thus Mapai at least is demonstrating that the masses of new immigrants can be incorporated in the existing political framework without any of the surprises and upheavals which might be expected under the exceptional circumstances. This is, in a way, a positive result; but it is purchased at a price. Some old stagers look back with regret at the days when parties were smaller and the ordinary delegate to a conference had sufficient knowledge and authority to get to the root of the issues discussed and influence decisions on them. There is a danger that the present trend towards concentration of real policy-making in the hands of a hierarchically elected oligarchy will lead to the breakdown of all democratic control.

6. Apart from this, the main interest of the convention lies in some of the statements made at it by the leaders. Mr. Sharett, who at the beginning of the convention made a lengthy survey of the party's history in the last twenty years, had some hard words to say about Mapam. The Achdut Avoda (Unity of Labour) component of Mapam, he said, had made no new contribution of substance since it broke away from Mapai in 1944; while the Hashomer Hatsair elements had never put their shoulder to the wheel but had merely formulated statements for the record in preparation for their coming to power. As individuals, Mapam members did their share of pioneer work, but their party was busy arranging ceremonies on foreign memorial days, reacting vocally to world events and collecting signatures to petitions by people who did not know left from right. The rift between Mapai and Mapam stemmed from outside issues; its origins went back to the aftermath of the first World War and it was nothing new. But the gap, he said, was widening: the two parties now lived in separate worlds and spiritual and political co-operation was on the wane. Speaking again on the 19th, Mr. Sharett rejected any “short cut to socialism” which would involve abandonment of the democratic spirit, and pointed, as to “a beacon of light,” to the bloodless revolution which had occurred democratically in Great Britain. Economic needs must come first, and Israel could not do without private enterprise and foreign capital. Serious economic difficulties lay ahead and Mapai must organise to educate the newcomers politically and morally to face them.

7. The Finance Minister, Mr. Kaplan, as usual well documented with the latest statistics, warned the delegates that production was lagging behind immigration and that productivity must be increased to prevent inflation and a consequent reduction of the standard of living. He was sure that after five or ten years the country would emerge victorious from its fierce economic battle, but this was no time to demand a 47-hour week and higher wages.

8. The Prime Minister, who spoke three times, stressed the financial and economic problem faced by Israel, but gave, as usual, a sweeping and ambitious account of the country's requirements and was optimistic as to the possibility of satisfying them. By 1953, he said, \$1,500 million would be required to cover the cost of rescuing the Jews of the Middle East and Eastern Europe

while they were still free to emigrate to Israel. 80,000 agricultural and 200,000 housing units must be provided and industrial and other enterprises designed to provide employment must be started. He appealed to Jewry abroad to raise two-thirds of the required sum; Israel would find the remainder. Funds required for development would be raised through national loans. He intimated that Israel would set the example by circulating a loan of at least £1.100 million (there was a hint of compulsion in what he said) and that a loan of at least £1.500 million would be floated abroad. At the same time the fund-raising campaigns would have to continue, so that services which did not pay for themselves could be covered by voluntary gift contributions. On taking office in March 1949 his Government had included in its programme the doubling of the population within four years. 300,000 persons had immigrated since then. The rate of intake was thus according to schedule and it must continue so that by 1953 the population should number 1,600,000. Events had disproved those who in this country and abroad had forecast disaster if mass immigration continued. Mr. Ben Gurion's words regarding loans do not, of course, amount to an official Government statement; but loan-raising is undoubtedly in the air and a conference of national leaders and Zionist personalities from abroad is to be held in Jerusalem on 3rd September to discuss it.

9. In other speeches Mr. Ben Gurion devoted much time to defining Mapai's conception of socialism, of which Mapam has now taken to claiming the monopoly. Mapai socialism was most akin, he said, “to democratic socialism” as practised by the British and Scandinavians. The Bolsheviks had tried to impose socialism by order and had failed. What was required in Israel was “Zionist socialism,” which strove for social equality in combination with service of the Jewish people. The essence of Zionist socialism was pioneering, which he defined as “the ever-present Jewish refusal to accept reality.” In Eastern Europe everything was of one colour, that imposed by the Soviet Union; “the West” had great variety, from the British and Scandinavian systems to the rotten autocracy of

Egypt. In this scheme of things Mr. Ben Gurion wished for peace and for an understanding with the two great Powers; but this did not mean that Israel would submit to the imposition by either of them of its régime and ideology. If necessary, Israel would fight.

10. Some of the new immigrant delegates spoke of the difficulties of settlement. Improvement of the party's contribution to the absorption of immigrants was one of the principal themes discussed. Particular attention was paid to a national Pioneering Service (“Shahal”) which Mapai, on Mr. Ben Gurion's initiative, aims at organising in order to promote pioneer work for the benefit of new immigrants. A good deal of heart-searching and self-criticism followed the suggestion that Italian building workers might have to be brought in from abroad because local Jewish workers were selling their services at black market rates and so jeopardising the housing schemes for immigrants. The Labour Minister, who made this threat, also said that the moral tone of the community had dropped, with the desire for personal profit superseding former zeal for service. In general, the leaders of Mapai have been stressing the duty of the old immigrants to make real sacrifices in favour of the new. By way of comment on Mrs. Myerson's words, however, the religious daily newspaper *Hazofeh* pointed to the fleet of luxury cars parked outside the conference hall, waiting for the Mapai leaders to come out.

11. At the end of the convention a large number of resolutions were passed in support of the Government's political and economic policy. They were couched in very broad terms and avoided all controversial issues on which opinion within the party is divided, such as unified education. With regard to foreign relations, resolutions were passed upholding the policy of peace, of independent judgment on all international issues and of support for “the collective stand of United Nations member States against any attempt to disturb the peace of the world by aggressive action.”

12. I am sending a copy of this despatch to the British Middle East Office in Cairo.

I have, &c.

J. E. CHADWICK.

ER 1193/61

No. 29

CONVERSATION BETWEEN THE SECRETARY OF STATE AND THE ISRAEL MINISTER

Supply of Arms for Israel

Mr. Bevin to Mr. Chadwick (Tel Aviv)

(No. 161. Confidential) *Foreign Office,*
Sir, *5th September, 1950.*

Mr. Eliahu Elath, the Israel Minister in London, called on me for the first time to-day.

2. After I had welcomed him to this country we had some discussion on the question of the supply of arms to Israel. I explained to him that the subject was under review in the light of our increased commitments in the present international situation. We had not yet been able to reach a final decision, but I asked him to believe that we were in no way trying to evade the issue. I hoped that we would soon be able to give him more definite information and I assured

him that there would be no question of discrimination against Israel.

3. Mr. Elath thanked me for this assurance and said that he would like to point out that Israel's request for arms had nothing to do with any desire on the part of the Israel Government to establish a military State. Israel's economic problems were too acute for this and the Israel Government had to give first consideration to the question of absorbing and rehabilitating the immigrants. Their desire for arms was based entirely on a wish for normal security.

4. I am sending a copy of this despatch to His Majesty's Ambassador, Washington.

I am, &c.

ERNEST BEVIN.

EE 1015/97

No. 30

CONVERSATION BETWEEN THE SECRETARY OF STATE AND THE ISRAEL MINISTER

Israel's Relations with Egypt and Jordan

Mr. Bevin to Mr. Chadwick (Tel Aviv)

(No. 162. Confidential) *Foreign Office,*
Sir, *5th September, 1950.*

In the course of my conversation with Mr. Eliahu Elath, referred to in my immediately preceding despatch, I asked the Israel Minister whether the prospect of a settlement with Egypt was any brighter. He replied that he did not think that at the moment the situation was very encouraging. In his opinion the best hope of reaching a settlement was by letting time do its work. Final settlements could never be really effective until there was a real will on the part of all the peoples concerned to accept them. He doubted whether active intervention on the part of His Majesty's Government would be really effective until this will existed both in Israel and Egypt. On the other hand the Israel Government realised that the present international situation demanded that settlement should be reached as early as possible

and if anything could be done by His Majesty's Government to compose the differences between Egypt and Israel it would be a very valuable contribution towards the establishment of stability in the Middle East.

2. Mr. Elath went on to say that he thought the prospect of a settlement with Jordan was better than that of a settlement with Egypt. Moreover, in many ways such a settlement would be of more value to Israel. The boundary between Israel and Jordan was the longest of all Israel's frontiers and Jordan also had the largest number of Arab refugees. He thought that much could be done in the interests of both countries by mutual co-operation in irrigation schemes in the Jordan valley. I replied that I fully agreed with this and pointed out that I thought that one of the most important points to be resolved in such a settlement

would be the question of access to the sea for Jordan. Mr. Elath said that the Israel Government had been quite willing to discuss this point and that he thought that it was no fault of theirs that agreement on it had not yet been reached.

I am sending copies of this despatch to His Majesty's Representatives at Alexandria, Amman and B.M.E.O. at Cairo.

I am, &c.

ERNEST BEVIN.

ER 1018/8

No. 31

CONVERSATION BETWEEN THE SECRETARY OF STATE AND THE ISRAEL MINISTER

Treatment of Arabs in Israel

Mr. Bevin to Mr. Chadwick (Tel Aviv)

(No. 163. Secret) *Foreign Office,*
Sir, *5th September, 1950.*

When Mr. Eliahu Elath called on me this morning I raised with him the question of the treatment of the Arabs who had remained behind in Israel. I said that I was worried by reports that this treatment was not entirely satisfactory.

2. Mr. Elath said that it would not be right to claim that everything was as it should be. There were many difficulties. These difficulties were produced by the fact that the Arab-Jewish war had not long been ended. Personal feelings were still high. Jewish citizens remembered vividly attacks which had been made against them from Arab villages now in Israel territory and it would take time for these memories to be eradicated. He thought however that the problem was more psychological than economic and factual. Much was being done for the Arabs and, so far as possible, there was no practical discrimination. The Arab representatives in the Knesset, for example, were allowed every opportunity to express their opinions. The Israel Government fully understood the danger of allowing a racial problem to develop, but so long as there was no peace with the Arab States the difficulties would remain and there

would always be the fear of an Arab fifth column.

3. I said that I fully understood these difficulties and that I had done my best to avoid public discussion of the situation in this country. I did not know, however, how long I could continue to put off such discussions and I suggested that it would be very valuable if the Israel Government would be willing to have a frank talk with you on the subject as soon as possible. I said that I thought that nothing would be more useful for promoting a better feeling with the Arab countries than an example of good treatment and absolute equality within the State of Israel. Mr. Elath said that he appreciated this point and that he thought a talk with you would be useful. He pointed out however that, while the example of internal equality would certainly be of great value in promoting good external relations, that equality would not be easy to achieve until the external relations were satisfactory. In fact it would probably be necessary to work for both ends at the same time.

4. I am sending a copy of this despatch to His Majesty's Ambassador at Washington.

I am, &c.

ERNEST BEVIN.

ER 1013/13

No. 32

REPORT ON ISRAEL FOR AUGUST 1950

Mr. Chadwick to Mr. Bevin. (Received 8th September)

(No. 216) *Tel Aviv,*
Sir, *5th September, 1950.*

I have the honour to enclose a general report on Israel for August 1950.

2. I am sending copies of this despatch to the British Middle East Office, Cairo, and

to His Majesty's Representatives at Amman, Bagdad, Cairo, Damascus, Beirut, Jedda, Jerusalem and Karachi.

I have, &c.

J. E. CHADWICK.

Monthly Report on Israel for August 1950

General

The Government has offered medical aid to the United Nations Forces in Korea.

2. His Majesty's Government have informed the Israel Government that no decision about the supply of arms to Israel can be reached until the United Kingdom's own needs have been re-examined.

3. The Palestine Conciliation Commission returned early in the month to Jerusalem. It is expected that the Special Committee provided for in Article 8 of the Israel-Jordan Armistice Agreement will meet shortly to consider how the scope of the agreement may be enlarged.

4. Consciousness of the country's economic difficulties has been heightened by the introduction of a number of new austerity measures—clothes rationing, restrictions on foreign travel and restrictions on the use of private cars. Rumours that the Government intended to introduce further drastic measures led to a sudden drop in bank deposits accompanied by a rush to buy gold and merchandise. At the end of the month confidence was somewhat restored, but much nervousness remained.

Foreign Relations

5. The Foreign Minister telegraphed on 3rd August to the Secretary-General of the United Nations in response to his appeal for assistance in Korea. The reply reaffirmed Israel's support for the Security Council's efforts to restore peace and security, and expressed gratification at the Soviet representative's return to the Security Council. It stated that Israel, being surrounded by Arab States which still refused to negotiate a peace, was unable to offer any but medical aid to the United Nations forces in Korea.

6. Mr. Aubrey Eban, Israel's permanent representative to the United Nations indicated in Jerusalem and the Israel Minister to Turkey stated at a press conference at Ankara that Israel would support Turkey's candidature for the "Middle East" seat on the Security Council in opposition to that of the Lebanon.

7. The Director of the U.N.R.W.A. and members of the Advisory Committee met the Foreign Minister and other officials at Tel Aviv on 27th August.

8. The Palestine Conciliation Commission returned to Jerusalem from Geneva at the beginning of the month and met the

Minister for Foreign Affairs and senior officials at Tel Aviv on 17th August and again at Jerusalem on 30th August. It is understood that the question of compensation for Arab refugees was discussed and that Mr. Sharett reiterated that Israel would not pay compensation in advance of a final settlement. The Commission stated that the Jordan Government were now prepared to reconstitute the Special Committee provided for in Article 8 of the Rhodes Armistice Agreement. (Article 8 defines the purpose of the committee as being "to enlarge the scope of the agreement and to effect improvements in its application.") The Israel Government received this news with scepticism about the *bona fides* of the proposal, but were encouraged when at the end of the month they received through General scepticism about the *bona fides* of the proposal that the committee should meet. The Israel Government have sent their acceptance.

9. Efforts to promote a meeting between Israel and Jordan military commanders met with no success.

10. There have been a number of incidents on the Israel-Jordan frontier involving casualties on both sides. Increasing impatience and exasperation was displayed by the public and by the Israel authorities at the inadequacy of measures to prevent marauding. Progress towards increased co-operation between Jordan and Israel suffered a set-back when, on 29th August, four Israel soldiers were killed and four others injured (one fatally) by a mine near Beit Jibrin. The Israel authorities described the incident as "a wanton and serious infringement of the armistice agreement" and ordered the stoppage of work on the demarcation of the Israel-Jordan border and the withdrawal of Israel elements from the mixed patrols newly set up by the Mixed Armistice Commission. The press were unanimous in demanding severe measures against Arab infiltration.

11. On 24th August His Majesty's Chargé d'Affaires informed the Ministry for Foreign Affairs that His Majesty's Government had been considering to what extent, in the light of the Tripartite Declaration of 25th May, they could entertain requests from the Israel Government for the supply of arms, but that a review of the United Kingdom's own needs imposed by the new defence programme necessitated the postponement of a decision.

12. *Kol Haam*, the Communist paper, has reported that 288,000 people in Israel have signed the peace petition.

13. Following the recognition of Israel *de jure* by Sweden, Norway and Denmark last month, the Government has announced the appointment of Dr. Abraham Nissan (formerly Katznelson) as Israel Minister to Sweden. It is understood that Dr. Nissan will also be accredited to the other Scandinavian States. The Israel Consulate-General in Johannesburg is to be raised to the status of a Legation.

14. The American Ambassador, Mr. James McDonald, left for the United States on 18th August. Officially he is going on leave, but it is not expected that he will return to Israel.

15. Señor José Figueres, a former President of Costa Rica, arrived on 5th August on a short visit at the invitation of the Government.

16. A party of six Israel editors and journalists left on 24th August for a visit to the United Kingdom at the invitation of His Majesty's Government. They were accompanied by Mr. David Woodward, the Information Officer of the Legation.

Internal

17. The entire month passed in an atmosphere of economic crisis. On the evening of 30th July the Minister of Supply and Rationing had, without warning, announced on the radio that clothing and shoes were to be rationed on points as from next day owing to shortage of foreign currency. Consternation and much controversy followed. Shopkeepers affected by the measure went on strike for a fortnight; others, too, closed their shops in sympathy. On 8th August the Government obtained a vote of confidence on this issue but conceded the formation of a mixed committee to advise the Minister. During the month further restrictions due to shortage of hard currency were announced: exit permits for foreign travel would in future be granted only for important purposes, and from October private car travel in Israel would be restricted to save petrol. Meanwhile on 17th August Mr. Ben Gurion's speech at the Mapai National Convention (paragraph 21 below) was reported as including a statement that at least £1.100 million would be raised by compulsory loan. It was followed by a rumour originating in the Swiss press that the Government intended freezing bank accounts preparatory to such a loan. Despite official denials of this, about 2 per cent. of bank deposits were withdrawn in a few days by frightened depositors. There was also some panic buying and hoarding of

merchandise, foreign currency and precious stones. The gold sovereign, until recently quoted at under £1.8, rose during the month to £1.15.

18. For months past local currency circulation has been steadily increasing and available foreign currency declining. Industrial and agricultural production have increased but not in proportion to the enormous intake of new population. There is thus no ground for economic complacency. Yet the crisis has really been one of public confidence only, since no new objective factors emerged in August apart from Governmental warnings and measures against wastage of foreign currency. Public uneasiness has naturally increased through fear of a world war. Another fact is the diminishing capacity of the United Jewish Appeal and the endless discussion about improvement of fund-raising abroad. Fuel has also been added to the fire by the Opposition parties. Private business is jealous of the Co-operatives and the great Histadruth economic corporations, to which the Government is accused of showing undue favour. Dissatisfaction on this score formed part of the background of the shop strikes, and some Co-operative stores which remained open had to be guarded by police. The General Zionist Party plays the chief part in championing private enterprise, but the smaller parties within the Government coalition are also inclined to echo its accusations and even the Religious Bloc was reported to have decided at a caucus meeting on the 30th to demand the resignation of the Minister of Supply and Rationing, Dr. Joseph (Mapai). That the whole Government should go was the solution proposed by Mr. Beigin (Heruth). Perhaps fortunately, after 10th August the Knesset was no longer in session to serve as a sounding board for political agitation. On that date it adjourned till 16th October.

19. The question of how to extract the maximum of financial aid from American Jewry was an important topic in the economic controversy throughout the month. Following the visit of a party of American leaders at the end of July (paragraph 18 of my July report) the idea of launching a "popular loan" appeared to be gaining ground. It was decided to call a larger conference of the same kind in Jerusalem early in September at which a final decision should be taken.

20. In preparation for the launching of a new programme of American Voluntary finance, a significant speech was made by

Mr. Ben Gurion at a luncheon given in Jerusalem on 23rd August in honour of Mr. J. Blaustein, an American oil magnate who is chairman of the American Jewish Committee. The Prime Minister's purpose was to calm the susceptibilities and loosen the purse-strings of American Jews, who have been perplexed and offended by previous speeches of his in which he treated them as Jews "in exile" and seemed to imply that Israel had claims on them which they were neglecting. Mr. Ben Gurion now stated that they owed allegiance to the United States only, and that while they would be particularly valued and welcomed if they immigrated to Israel they were under no obligation to do so.

21. The Prime Minister foreshadowed the nature of the Government's new economic plans in a speech (which was unfortunately misinterpreted) at the Seventh National Convention of the Mapai Party. Mr. Ben Gurion said that \$1,500 million would be needed for absorption of immigrants and development of resources in the next three years and that it was proposed to raise this huge sum by loans to be floated at home and abroad.

22. This Mapai Convention (the previous one was in 1946) was held in Tel Aviv from 15th to 19th August. Though half of the 1,450 delegates were new immigrants there were no interesting developments: the old leaders remain solidly entrenched, the rank and file docile. Mr. Sharett included in his speeches some sharp attacks on Mapam and a long and enthusiastic eulogy of Britain as "a beacon or light" for democratic Socialists.

23. During the month it was officially announced that the local elections would be held throughout the country on 14th November. It appears certain that Mapam will present their own candidates independently of the Histadruth lists, thus breaking with long-standing tradition and violating a recent Histadruth decision. Another such decision with which Mapam disagrees is that regarding withdrawal from the World Federation of Trade Unions and a new controversy arose on 28th August when the Mapai majority on the Histadruth Central Committee decided, against Mapam opposition, to send a labour delegation to Yugoslavia in response to an invitation received from the Workers' Movement in that country. The political rift between Mapai and Mapam, aggravated by disagreement over Korea, is deepening and spreading to non-political organisations which

include the two parties. Besides the Histadruth, the United Confederation of Kibbutsim, which taken as a whole has a two-thirds Mapam majority, is now involved in the controversy. Its Central Secretariat, dominated by Mapam, had sent a group of Mapam youths for training to Ashdod Yaacov, a settlement in which Mapai predominates. The settlers, seeing in this a political manoeuvre, have refused to admit them to permanent membership of the Kibbutz.

24. The Government's promise of medical aid for the United Nations forces in Korea (paragraph 5 above) was much criticised by the Left-wing Opposition. "Al Hamishmar" (Mapam) alleged, perhaps with truth, that the Prime Minister proposed to his colleagues in the Cabinet that a token military force should be sent to Korea. Mapam and the Communists unsuccessfully demanded a debate in the Knesset. A section of Mapam, in unison with the Communist Party proposed that medical supplies should be sent to North Korea. A motion to oblige all members of the party to contribute one day's salary to this object was rejected by the Mapam Central Committee, which seems to have confined itself to writing to the W.F.T.U. declaring its readiness to participate in any international campaign for medical aid to North Korea which that body might see fit to launch. Moderate elements in the Committee are reported to have protested against the international orientation of Mapam and to have urged closer co-operation with Mapai.

25. Extremists interrupted the display of American news films from the Korean front and painted "Hands off Korea" and other slogans on streets and walls, including that of the United States Ambassador's residence.

26. Of the 2,000 Arabs who remained in Majdal (now called Migdal Gad and rapidly developing into a large Jewish agglomeration) several hundreds appear to have left the town during August. The Communists and Mapam accuse the Israel military authorities of forcing them to leave for Gaza. The issue is obscured by Communist propaganda, but it does seem that moral and economic pressure and even forcible deportation have been applied.

27. The rate of immigration continued to rise. The intake in July was 17,981; the figure for August was 18,809. At the same time the drive to put newcomers earlier to work appeared to be succeeding: the reception camp population, which formerly

averaged 90,000 had been reduced to between 50,000 and 70,000 mainly by the institution of labour transit camps. As a result of the great influx of Asiatic and

African Jews, who are more prolific than the Europeans, 60 per cent. of the youth of Israel below the age of 17 years are now Orientals.

ER 1013/14

No. 33

REPORT ON ISRAEL FOR SEPTEMBER 1950

Sir K. Helm to Mr. Bevin. (Received 6th October)

(No. 237. Confidential) Tel Aviv,
Sir, 4th October, 1950.

I have the honour to enclose a general report on Israel for September 1950.

2. I am sending copies of this despatch to the British Middle East Office in Cairo and to His Majesty's Representatives at Amman, Bagdad, Cairo, Damascus, Beirut, Jedda, Jerusalem and Karachi.

I have, &c.

A. K. HELM.

Enclosure in No. 33

Report on Israel for September 1950

General

Israel's relations with the Arab countries have worsened as a result of a dispute over a piece of land on the Jordanian frontier recently occupied by Israel elements, and of the alleged expulsion of several thousand Bedouin and other Arabs into Egypt and Egyptian-controlled territory. Both incidents have been referred to the Security Council.

2. A conference with leading American Jews to discuss Israel's long-term financial requirements was held in Jerusalem at the beginning of the month. The conference adopted a programme of raising 1,500 million dollars within the next three years, of which 1,000 million dollars are to come from the United States.

3. Dissatisfaction with the Government's economic policy continued to be voiced by the parties of the Right. At the end of the month the Government issued a full statement of economic policy.

4. A session of the Executive Council of the Histadrut which took place during the month demonstrated the new fundamental cleavage between Mapai and Mapam within the organisation.

5. The debates in the General Assembly of the United Nations received close attention, and considerable interest was aroused by the preparations for the Third Maccabiah

Games, which were opened on the Olympic model at the end of the month. The United Kingdom provided the strongest overseas contingent, which made an excellent impression.

Foreign Relations

6. The Minister for Foreign Affairs left on 14th September for New York to lead the Israel delegation to the United Nations Assembly.

7. Israel-Jordan relations continued to deteriorate during the month. On 1st September the Israel Government issued a communiqué complaining of the frequent incursions of marauders into Israel territory and declaring that the attitude of the Jordan Government to complaints made to them amounted to condonation of crimes committed on Israel territory.

8. At the end of August a number of Israelis had entered a plot of land in the angle between the Jordan and Yarmuk rivers. Although this area was never part of Palestine, it is shown on the United Nations map annexed to the Armistice Agreement as being on the Israel side of the armistice line. On 9th September the Jordan Government invoked the assistance of the Governments of the United Kingdom, the United States and France under the Tripartite Declaration. On 11th September the Jordan Foreign Minister addressed a complaint to the Secretary-General of the United Nations alleging that the Israel armed forces had violated the frontiers of Jordan and that the Israel authorities had been guilty of forging the map agreed on at the time of the signing of the Israel-Jordan Armistice Agreement; the complaint requested that the Security Council should take action to force Israel to withdraw. These measures were supported by other Arab Governments. According to the press, the Jordan Minister for Foreign Affairs also threatened that military action by the Arab Legion would be taken to eject the invaders. A threat to use force to eject the occupants was also made to the

Israelis in writing. The Israel Government thereupon declared that the Israel armed forces were ready to cope with any attack, that no Israel troops had been involved, and that the threat alleged to have been uttered by the Jordan Foreign Minister amounted to a breach of the Armistice Agreement. They submitted a formal complaint about the threat of force to the Mixed Armistice Commission, and claimed for it first place on the agenda. The Jordan Government has not so far submitted a complaint to the Mixed Armistice Commission.

9. Another complaint against Israel was submitted to the Security Council by Egypt, alleging that 6,000 Arabs had been expelled from Southern Palestine. In connexion with this complaint General Riley reported that 4,000 Bedouin were rounded up by the Israel army in the latter part of August, and turned into the Gaza Strip. This is admitted by the Israel Government. They state that the Bedouin belong to a hostile tribe which retired into Sinai before the signing of the Armistice Agreement with Egypt, and which, so far as Israel is concerned, is in consequence in no different position from other Arab refugees who are debarred from returning to Israel. The chairman of the Israel-Jordan Mixed Armistice Commission is reported to have confirmed this account at a meeting which took place on 27th September. In addition, some 1,400 Arabs left Migdal Gad (Majdal, on the border of the Gaza Strip) voluntarily and with the co-operation of the Egyptian authorities, to escape the admittedly unpleasant conditions of semi-imprisonment in which they lived.

10. The publication of General Riley's report was received with expressions of official astonishment that he should have prepared the report without consultation with the Israel authorities, and have supported Egyptian political manoeuvres by releasing it. The United Nations Secretariat is reported to have apologised for the unauthorised publication.

11. Yet another Egyptian appeal to the United Nations concerns an incursion by an Israel army patrol at the southern end of the Gaza Strip in July. This incident is stated to have been previously satisfactorily settled in the Mixed Armistice Commission. Both these Egyptian complaints have been backed up by other Arab Governments.

12. The Israel Government concluded that the series of Arab appeals amounted to a concerted attack on them, by-passing

the armistice machinery. On 18th September, therefore, they themselves added a complaint to the agenda of the Security Council. This consisted of accusations against Egypt and Jordan of violating the Armistice Agreements by the maintenance of blockade practices; of failing to implement Article 8 of the Israel-Jordan Agreement; of threatening aggression; and of refusing to follow the practice laid down for the settlement of complaints by submitting them to the Mixed Armistice Commission.

13. On 19th September the Israel Government informed the British, French and United States Missions at Tel Aviv that they had reliable news of impending expulsions of Jews from Egypt and confiscation of £E.4 million Jewish property there if the United Nations failed to take favourable action on the Egyptian complaint.

14. The Palestine Conciliation Commission left Jerusalem for Ankara on 4th September and published its final report on the 26th.

15. India formally recognised Israel *de jure* on 18th September. The announcement was widely welcomed in the Israel press. A few days later Thailand also extended recognition.

Internal

16. The main event of the month was an "extraordinary conference" held in Jerusalem from 3rd to 6th September to consider the future of American voluntary aid to Israel. The conference, attended by the Israel Government, by members of the Israel branch of the Jewish Agency Executive, and by some sixty leaders of American Jewry, endorsed a proposal put forward by the Prime Minister that every effort should be made to raise \$1,500 million in three years, of which two-thirds should be raised in the United States and the rest from other sources, including the internal resources of Israel itself. The huge sum of \$1,000 million which is to be the American contribution is to be raised partly by gifts, as hitherto, partly by investment, and partly by means of a loan. A national conference of American Jewry is to be held in the near future to discuss implementation of this programme. The launching of a large-scale loan constitutes a very significant innovation. The Government is to seek Knesset approval for it shortly after the present recess ends on 18th October.

17. Official circles were at pains to underline that these discussions with American leaders were concerned with long-term

planning and had no connexion with the internal "economic crisis." The latter, precipitated by clothes rationing at the end of July and always largely a crisis of public confidence, abated somewhat during September but cannot be said to be over. A long series of Cabinet meetings, many of them attended by various economic experts, led up to a full statement on 29th September in which the present policy of husbanding resources by means of controls, and of expanding production and foreign investment, was explained and reaffirmed. Various new administrative measures were announced, designed to encourage productivity through industrial consultation and technical assistance, to increase incentives to exporters and to foreign investors, and to encourage tourism. The new measures are generally regarded as being a deviation to the Right from the strict path of socialism. A committee of four Ministers headed by Mr. Ben Gurion was appointed on 24th September to enforce fair distribution of essentials, and strong measures were promised against black marketeering.

18. The economic discussions were accompanied by rumours of demands put forward by the smaller parties in the coalition and of an impending reshuffle of the Cabinet, which is now taken as virtually certain. It seems clear that both the Progressive Party and the Religious *Bloc* have insisted on the appointment of a Minister of Trade and Industry chosen outside Mapai.

19. During the month Mr. Lubianiker piloted the Histadrut through a difficult session of its executive council, which had not met for fourteen months. He urged the view that Israel workers were highly paid and could not expect higher wages without increased output. The council passed resolutions supporting Government policy on rationing and wages, and confirmed the executive's decisions to leave the W.F.T.U. and to present a single Histadrut list at the local elections which are due on 14th November. On all these issues Mapam voted against the majority. There were sharp debates which reflected the widening

rift between Mapai and Mapam. The latter have refused to participate in a Histadrut delegation to Yugoslavia. An invitation received during the month from the British Labour Party, Trades Union Congress and Co-operative Movement was, however, unanimously accepted and Mapam will probably participate.

20. Mapam opposed with particular animosity the majority decision to put forward under the Histadrut's name electoral lists which will in fact consist almost entirely of Mapai candidates, owing to Mapam's refusal to pool its candidates. On the other hand, when the Communist Party later approached Mapam with proposals for an electoral alliance, its advances were rejected. Mapam will present an entirely independent list.

21. A forthcoming conference of the Arab Workers' Congress (Communist) at Nazareth has been banned by the District Officer.

22. Not much work was done in the latter part of September, this being the period of the Jewish Feasts. The New Year, which began on the 12th according to the Hebrew Calendar, was heralded in by official messages to the nation in which the need for peace was particularly stressed. The Day of Atonement (21st September) showed no abatement of the penitential strictness observed last year: life was at a complete standstill. The Feast of Tabernacles occupied the last week of the month.

23. Immigration continued at a high rate, large parties arriving from Poland, Roumania and Iraq. The "Magic Carpet" flights bringing Yemenites from Aden came to an end on 24th September. The total immigration from the Yemen since the end of 1949 was said to be 49,140. The Israel reception camp figure was down to 53,000 by the middle of the month, but this progress was offset by a warning put out by the Jewish Agency that some 12 per cent. of the population was likely to spend the coming winter in tents and other inadequate dwellings.

CONVERSATION BETWEEN THE SECRETARY OF STATE AND THE ISRAEL MINISTER

Attitude of Israel towards United States Proposals for the Maintenance of World Peace

Mr. Bevin to Sir K. Helm (Tel Aviv)

(No. 190. Confidential) *Foreign Office,*
Sir, 11th October, 1950.

The Israel Minister called on me this morning to express to me the anxiety of his Foreign Minister, Mr. Sharrett, towards the American proposals now before the General Assembly of the United Nations entitled "United Action for Peace."

2. Mr. Sharrett had telephoned from New York to his Minister asking him urgently to convey to me his fears of the outcome of these proposals. He was worried at possible reactions of the American proposals on the Soviet *bloc*. They might as a result leave the organisation. In any event, if they did not leave it, they might feel free to leave or might at least consider themselves to be released from any restraint that the United Nations might until now have imposed upon them. Mr. Sharrett wished to make it clear that his fears were neither engendered by pro-Soviet sentiments nor were they to be considered as appeasement. He was as anxious as His Majesty's Government to see the United Nations function effectively, but a Soviet *bloc* freed either from the moral restraint of the United Nations, or worse still withdrawn from the organisation, would not help towards peace in the world. While he earnestly desired the United Nations to secure this peace he wanted it to come about with all States remaining in the organisation.

3. The Israel Minister informed me that not only did Mr. Sharrett hold these views, but that they were shared by India and certain Latin American States. He therefore wished me to know that in his Government's opinion it would be a political error

to press a vote at this stage and that there was every advantage in continuing discussion, particularly as the Russians had themselves expressed their intention of presenting a counter resolution. Finally, he said that Mr. Sharrett was considering the possibility of shifting discussion from the Political Committee to the Special Committee with a view to securing a further delay on the voting.

4. I told the Israel Minister that I earnestly shared Mr. Sharrett's hopes for the preservation of peace in the world by the effective use of the United Nations. I agreed that it would be undesirable to force the resolution through the General Assembly at this stage and that whatever the Russian counter resolution might turn out to be it was highly desirable to consider it objectively and to debate it fully before proceeding to a vote. If the Russians really were serious it was of course most necessary to examine their proposals in detail. I said, however, that our experience of them made me doubt the genuineness of any offer which they might make at this stage.

5. I promised the Israel Minister that I would ask the Minister of State to see Mr. Sharrett so that he could explain to him the attitude of the United Kingdom in this matter and assure him that His Majesty's Government, too, did not wish to see the American resolution passed with undue haste.

6. I am sending a copy of this despatch to the United Kingdom Delegation to the United Nations at New York.

I am, &c.

E. BEVIN.

ECONOMIC POLICY OF THE ISRAEL GOVERNMENT

Measures to Suppress the Black Market and to Increase Foreign Exchange Resources

Sir K. Helm to Mr. Bevin. (Received 13th October)

(No. 243 E. Confidential) *Tel Aviv,*
Sir, 10th October, 1950.

The consequences of the review of economic policy leading up to the Israel Government statement on which I had the honour to report in my despatch No. 238 E. of 4th October, are already beginning to be seen. The most striking development has been the promised onslaught against the black market, which was initiated in a broadcast talk by the Prime Minister on 3rd October. Mr. Ben Gurion frankly admitted that lack of co-ordination between Government departments (particularly the Ministries of Finance, Supply, Communications and Trade and Industry) was to some extent responsible for the shortages which made the black market possible; he promised that the Government would be reorganised after the Knesset reassembles on 16th October, and while defending the integrity of the civil service as a whole, indicated that steps would be taken to improve the efficacy of the administration. Nevertheless, he insisted that the main cause of the shortages was the necessity to rely on imports. These shortages would not be of brief duration. "Our needs are greater than our means and our consumption exceeds our production. The causes of this are the cost of security and the ingathering of the exiles . . . In the present shortages we shall continue to give priority to security needs and the absorption of immigrants. I am certain that this is the wish of the overwhelming part of the nation, so every one of us must accept the present shortages." Mr. Ben Gurion promised that the Government would not announce the distribution of any supplies unless they were assured and that all promised rations would be issued promptly. He then appealed for the co-operation of the public in fighting the black market, and insisted that it was the duty of every citizen, even if, like the Mapam and General Zionist parties, he was critical of the Government, to carry out the law of the land and to render all possible assistance to those whose duty it is to enforce it. He invited the merchant community to take the initiative

in rooting out profiteers and speculators. School teachers were asked to lecture their pupils on the evils of the black market. The Prime Minister commended the Histadrut and Hapoel Hamizrahi (the religious labour organisation) for having themselves taken action against fourteen collective settlements for selling grain at excessive prices. Mr. Ben Gurion declared that all the power, authority and resources of the State would be and were being mobilised for the war against the black market, and concluded with an expression of confidence that the nation would rise above party differences to extirpate the evil.

2. The next, somewhat sensational, step came on 5th October when the Cabinet conferred upon the Prime Minister for a period of three months the special powers formerly held by the High Commissioner under the Defence Regulations. In the succeeding two days widespread police action was taken throughout the country, and is still continuing, to locate undeclared commodities and stop the movement of commodities without permit. Large numbers of persons have been arrested and their goods confiscated. Several co-operative settlements have found themselves in trouble. Special magistrates have been appointed to deal with black market prosecutions. A member of my staff who accompanied some Israeli friends through Galilee at the week-end was stopped no less than five times on one day (and that the Sabbath) by police checks; both civil and military police were employed. This week, two officials have been appointed under the Mandatory Government's Enquiry Commissions Ordinance to trace the movement of all clothing and building materials imported into Israel since 1st January, 1950.

3. These drastic measures seem to have taken the public breath away. Except from the Right-wing papers there has been little comment either for or against; but *Herut* (Revisionist) declared that "the British laws of oppression have now been conferred upon this unsuccessful Government," and that the Mapai régime had disgraced the State. *Haboker* (General Zionist)

quoted with telling effect Mr. Ben Gurion's own statement before the United Nations Commission on 4th July, 1947, on the subject of the High Commissioner's powers: "All the civilian liberties afforded by the English law have been not only restricted but, in fact, altogether abolished. At the discretion of the High Commissioner it is possible to arrest any person for any length or period without any legal proceedings. The authorities are able to arrest, to enforce searches, to requisition properties and to deport any persons." It is, indeed, true that the dictatorial methods of Mr. Ben Gurion, to which I have referred before, have been greatly reinforced by these measures; but it seems to be in the Jewish nature never to do things by half measures. First, great laxity and inefficiency are displayed; then when the consequences become a public nuisance, an excess of strength is mobilised to straighten out the mess. A minor, but striking, example of these methods was recently seen in the traffic control at the opening and closing of the Maccabiah Games in Ramat Gan; at the opening ceremony, the traffic congestion on the road from Tel Aviv was appalling; at the closing ceremony, an army of police was deployed along the approach roads, and almost trampled on each other's feet in their zeal to keep the traffic moving. On the whole, they succeeded in doing so. The Prime Minister is evidently adopting similar sledge-hammer tactics in dealing with the vastly greater problem of the black market.

4. Apart from the Government's efforts to suppress the black market some progress has been made with other points in the Government's programme. The Knesset Finance Committee has approved an expansion of the income-tax and luxury-tax collectorates. The Minister of Finance held a press conference on 6th October in which one or two new points emerged, though for the most part he was recapitulating the material in the Government's statement. On the subject of the export drive Mr. Kaplan said that special premiums would be granted to manufacturers producing for the foreign market, and special allotments of raw materials for the local market would be put at their disposal. Mr. Kaplan thought that this arrangement might cut non-exporters out of the domestic market—but this ominous statement is perhaps not to be

taken too seriously. Dealing with foreign investments Mr. Kaplan said that two large hotels were now being built, and three more were in the planning stage. A chain of fertiliser plants was being set up and various projects in the Negev, including the metal-ling of the road to Sdom, would be begun shortly. The largest single project is a 6½ million dollar rayon factory to be built by foreign (Italian) and Israel investors.

5. Mr. Kaplan also stated that in order to collect all available resources of foreign exchange the Government would not only relax the restrictions on the import of goods without payment and encourage tourist trade, but would also grant immunity to Israel citizens in illegal possession of foreign currency who placed it at the disposal of the Government. It is understood that the guaranteed currency loans for which, as announced in the Government statement, legislation will be submitted to the Knesset are intended for issue in exchange for holdings of foreign securities surrendered to the Government.

6. Finally, discussing the prospects of the American dollar-raising campaign. Mr. Kaplan pointed out that many technical obstacles in the State and Federal laws of the United States had to be overcome before the sale of dollar bonds could be started, even if the National Conference of American Jewry (which Mr. Kaplan will himself attend and which is scheduled to open in Washington on 26th October) approved the Ben Gurion plan unconditionally. The process of obtaining the necessary authority from the American Securities and Exchange Commission is likely to delay the launching of the dollar bonds until April or May of next year. Meanwhile, Mr. Henry Montor, director of the United Jewish Appeal Campaign in the United States, has been invited by the Government to organise the campaign.

7. I am sending copies of this despatch to His Majesty's Representatives at Alexandria, Amman, Ankara, Bagdad, Beirut, Damascus, Jedda and Washington and to the Board of Trade, His Majesty's Treasury, the Exports Credit Guarantee Department and the Head of the British Middle East Office.

I have, &c.

A. K. HELM.

ER 1016/13

No. 36

COMMUNIST ACTIVITY AMONG THE ARAB AND JEWISH POPULATIONS OF ISRAEL

Sir K. Helm to Mr. Bevin. (Received 13th October)

(No. 247. Confidential) Tel Aviv,
Sir, 11th October, 1950.

In my despatch No. 57⁽¹⁾ of 24th February, with which I transmitted a copy of a despatch from His Majesty's Consul-General in Haifa regarding Communist activity among the Arab population there, I stated that Mr. Ezard would be reporting later on the position in the rural districts of Galilee. I now have the honour to transmit to you the accompanying copy⁽²⁾ of this further despatch. It, together with information received from other sources, makes it possible to attempt a general assessment of the Communist strength and influence in Israel as a whole, such as I contemplated in paragraph 2 of my despatch under reference.

2. To deal first with the Arab population, Mr. Ezard makes it clear that in his area actual membership of the Israel Communist Party is confined to a small minority, amounting to under 2 per cent., or perhaps 4 or 5 per cent. of the adults, and that it is now on the decrease. On the other hand, there is a far larger body of supporters who are not formally members of the party, and who tend to-day to conceal their sympathies. Mr. Ezard thinks that, together with the party members, they may amount to 15 per cent. of the adult Arab population of the area. He also suggests that at any election half the Arab vote might be cast for the Communist Party, since even non-Communists and anti-Communists can see no other party which effectively voices their demand for relief from the disabilities under which they frequently suffer. There are, however, signs that the small and now decreasing body of enrolled Arab Communists is beginning to lose its hold. It had never made headway among the Druze and Moslem elements, and its popularity among the Christians is now on the wane.

3. The Israel Communist Party made a good start in 1948 when it combined the Jewish and Arab Communist forces in a united legal organisation and was able for a time to present itself to the Arabs of Northern Israel as the body through whose services they could find employment and

hope to obtain the return of members of their families who had fled from the country. This favourable situation was duly reflected at the Knesset elections of January 1949 at which the party received 15,148 votes, nearly half of them cast by Arabs. Its success was, however, partly due to the fact that the Military Governor and the representative of the Ministry of Labour in the Nazareth area were members of Mapam with pro-Communist leanings. Early in 1949 the Government replaced them by Mapai men and henceforward the administration, supported by the Histadrut and the Christian clergy, pursued an increasingly anti-Communist policy. The Communists, though no longer in a privileged position, held their ground to some extent in 1949 by exploiting Arab grievances and the unemployment issue, and improving their organisation in the villages, but during the current year the various measures aimed at counteracting their influence have borne fruit. Arab school teachers with pro-Communist leanings have been dismissed. Serious efforts have been made to reduce the importance of the Communist-controlled Arab Workers' Congress, which at one time looked like capturing the Arab labour movement in Galilee. As a result, the Palestine Labour League promoted by the Histadrut has to a large extent supplanted the congress and has absorbed the great majority of Arab workers; indeed, the Histadrut claims that the league now comprises 80 per cent. of them—a percentage which seems not impossible in view of its growth (noted by Mr. Ezard in his paragraph 11) from 30 per cent. in April 1949 to 50 per cent. in December 1949. On the other hand, many Arabs have registered with more than one body in the hope of finding work. Official zeal against the Arab Workers' Congress has gone so far that the Military Governor even banned its general convention due to take place on 23rd September.

4. The Communist Party maintains a certain hold through efficient propaganda and energetic and skilful leadership; its

⁽¹⁾ No. 10 in this Volume.

⁽²⁾ Not printed.

weekly newspaper, *Al-Ittihad*, appears to wield some influence and its labour organisation, though diminished in size, is efficiently run. But owing to various forms of hostile pressure exerted by the Military Government and the police it is no longer convenient or attractive for the average Arab to support the Communists, at any rate openly. His leanings for them, if he had any, were based on self-interest and resentment rather than on ideological conviction.

5. There remains a fairly broad current of hidden political sympathy, which might reveal itself in any secret ballot. But for a variety of reasons only a small proportion of the Arab population will participate in the local elections due to be held throughout Israel on 14th November. It also remains to be seen how many Arabs will be entitled to vote in any election. For Israel citizenship will presumably be a prerequisite; but as I mentioned in my despatch No. 177 of 17th July, only about two-fifths of the present Arab population will be entitled to citizenship under the Nationality Bill now before the Knesset. The remainder will be obliged to go through a process of nationalisation. It is thus difficult to forecast the trend of the Arab vote at the next elections. Meanwhile, the fact that the strength of the Arab Communist vote cannot be put to a practical test seems likely to diminish the party's hold on those who vaguely sympathise with it. Despite the optimistic estimates of the Communist leaders and their avowed reliance on such sympathisers rather than on party members, it is by no means certain that the party could expect to poll even as many votes as it did in January 1949.

6. Mr. Ezard's despatch covers only the Haifa-Galilee area, which harbours some 70 per cent. of Israel's Arab population of 160,000. What then is the position among the remaining 30 per cent.? My information is that Communist influence is nothing like so strong among them. In the "Little Triangle" area along the northern sector of the Israel-Jordan armistice line displaced Arabs are not common: the population mostly consists of villagers cultivating their original holdings and they are, by all accounts, fairly prosperous. There is some communism in Jaffa, but as unemployment is not so rife the party has not the same opportunities of exploiting distress. The small Arab element still present in Lydda (1,100) and Ramleh (1,400) appears to be hardly affected. At Ramleh Communist

influence is confined to a group of sixty persons belonging to the Arab Workers' Congress who were transferred from Nazareth in September 1948 by arrangement with the Israel Ministry of Labour. But even these strangers, according to a protest published yesterday in the Communist newspaper *Kol Ha'am*, have just received an order to quit the town and return to Nazareth. There has been Communist agitation in the Majdal district, but the Arab population in this town, which is under military rule, is dwindling. To the south-east the Bedouin remain quite unaffected by communism.

7. Turning now to the situation among the Jews of Israel, I have no reason to suppose that communism is on the increase. Barely 2 per cent. of the Jewish population can be expected to vote for the Communist Party. Tens of thousands of new immigrants have arrived from Soviet satellite countries since the elections of January 1949 proved this to be the case; but there is no evidence that they have altered the percentage. Doubtless these immigrants comprise a proportion of Soviet sympathisers. Most are, however, anti-Communist. The Israel Communist Party plays a very modest part in the life of the State. In the Knesset it holds only three seats out of 120. On the Histadrut Executive Committee of fifty-one members, it has only one seat: membership is on a proportional basis, and at the last election to the Histadrut Conference in February 1949 the Communists polled under 3 per cent. of the total votes cast. In certain trade unions, such as the metallurgical, and in certain regional labour organisations, the Communists wield a greater influence than in labour as a whole. They have taken the initiative in fomenting strikes and agitation. But the Mapai majority which dominates the Histadrut is very hostile to communism and by its size and the power, wealth and prestige which it commands it completely dwarfs the Communist element. On the general background of Jewish national life and of the Jewish labour movement the Israel Communist Party appears as a small but noisy group, which is something of a nuisance but not a solid political force. No one would take it very seriously, were it not that it appears to have a large body of fellow-travellers in the body of Mapam, the Left-wing Socialist Opposition Party.

8. Mapam, the United Workers' Party, is the second largest in the country. At the last elections it received 64,000 votes (over

14 per cent. of the total cast); in the Knesset it holds twenty seats. It is a virile party, and its backbone is made up of some of the best pioneering elements in the communal settlements. Its Left-wing, led by Dr. Sneh and Mr. Riftin, is doing its best to drag it in the direction of communism, and the party openly collaborates with the Communist Party on a variety of internal and international issues. Together they maintain persistent Left-wing opposition to Mapai in the Knesset, the Histadrut and other public bodies. Together they run the Israel branch of such ostensibly non-Communist organisations as the League for Promoting Friendship with the Union of Soviet Socialist Republics, the League of Democratic Women, the Peace Movement and the World Youth Congress. At first sight this would seem to follow an all too familiar pattern, that of a Communist Party controlling and directing a satellite body of more or less docile fellow-travellers.

9. Yet I doubt whether this is really the case. Mapam has the air of being an independent body, not conscious of being an appendix of the Communist Party, subordinate to its directives and attentive to its guidance. I know that this has apparently been the case before with Left-wing Social Democracy—with disastrous results. And there is no doubt that Dr. Sneh and his associates look with great favour on Moscow. But there are other elements in Mapam which strongly oppose them. One of the principal reasons is the fact that Zionism is an essential element of the Mapam ideology. The incompatibility of this with Moscow communism is the real foundation for the opening sentence of this paragraph. Perhaps it would not be very wide of the mark to say that the outlook of Mapam corresponds to that of Left-wing socialism in some Western countries; it includes a rather naïve ill-informed admiration for Soviet Russia, an anti-Western bias in international affairs and a radical anti-capitalist programme. Hence the party is

willing to collaborate with the local Communists on issues of home and foreign policy on which their views coincide. But its outlook is also highly coloured with Zionist principles; and its organic life as a party is democratic. A wholehearted merger with the Communist Party therefore seems unlikely. Two years ago Mapam refused to merge or even to discuss the possibility of an electoral alliance or common pool of candidates at the Knesset elections unless the Communists first accepted the basic principles of Zionism. Quite recently Mapam has again demonstrated its independence by refusing to form a common front with the Communist Party for the impending municipal elections.

10. I do not suggest that Mapam presents no dangers. On the contrary, this large body of doctrinaire partisans with an Eastern orientation may do great harm, and it would be satisfactory if the elections of 14th November were to show some diminution of its proportional strength. I doubt whether they will. But, whether or not, Mapam is not, or has not yet become, a Communist Party, nor is it a mere mouth-piece of the Cominform.

11. To sum up, communism does not appear to be gaining ground in Israel; rather does its influence seem to be receding. Its hold on the Arabs has begun to slacken, and there is no reason to suspect that it is making headway among the Jews. This does not necessarily apply to Mapam, which continues to pursue a dangerous course. But Mapam is not in the full sense of the word a Communist Party.

12. I am sending copies of this despatch, without its enclosure, to the Head of the British Middle East Office in Cairo, and to His Majesty's Representatives at Washington, Moscow, Ankara, Alexandria, Bagdad, Beirut, Damascus, Jedda, Jerusalem and Haifa.

I have, &c.

A. K. HELM.

ER 1571/9

No. 37

FUTURE OF AMERICAN VOLUNTARY AID TO ISRAEL **Financial Support for the Government Immigration Programme**

Mr. Chadwick to Mr. Bevin. (Received 25th October)

(No. 223. Confidential) *Tel Aviv,*
Sir, *16th September, 1950.*

I have the honour to report that an "extraordinary conference" was held in
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Jerusalem on 3rd to 6th September to consider the future of American voluntary aid to Israel. The conference, attended by the Israel Government, by members of the

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Israel branch of the Jewish Agency Executive, and by some sixty leaders of American Jewry, endorsed a proposal put forward by the Prime Minister that every effort should be made to raise \$1,500 million in three years, of which two-thirds should be raised in the United States and the rest from other sources, including the internal resources of Israel itself.

2. The huge sum of \$1,000 million which is to be the American contribution is to be raised partly by gifts, as hitherto, partly by investment, and partly by means of a loan. The idea of a large-scale loan has been under discussion for some months, and it is evident that plans for the conference were most carefully laid. The stage management was of the highest order. The final plans were discussed with six leaders of the Zionist Organisation of America at the beginning of August; the date for the conference was not announced until ten days or so before it began, and the sixty leaders of American Jewry who attended seem to have been pressingly summoned at the same time. They thus arrived with a proper sense of urgency and were at once presented with a bold and breath-taking scheme of the kind which so readily catches the American imagination. It was a complete change from the somewhat dreary solicitation for contributions to which the Jews all over the world have lately been submitted, with a steadily diminishing response.

3. It was the Prime Minister's conference. Some have been calling it "the Ben Gurion Conference," and it seems likely that among American Jews at least it may continue to bear that name. It has been the most important consultation between Israel and American Jewry since Israel came into being; I enclose a list of those attending the meetings (Appendix A) and you will see from the names of American delegates that this was an assembly far transcending the limits of the Zionist Organisation of America. The themes discussed at the conference on Mr. Ben Gurion's initiative were of such vast and ambitious scope that if its objects are ever obtained it will have proved one of the main achievements of his long career and a turning-point in the history of his country.

4. At the outset the Prime Minister told the conference that over 1,400,000 Jews were seeking to come to Israel, that at least 600,000, mostly from Africa, Asia and Eastern Europe, must be brought here by 1953 if they were to be saved from destruction, and that the menace of another world war made the matter all the more urgent.

The Jews in a number of countries had no other choice; neither had Israel any choice; immigration must continue despite the consequences. A three-year programme had been drawn up involving an expenditure of \$1,500 million. Israel would provide one-third of this sum. The remaining \$1,000 million would have to come from abroad, principally from the United States. These vast sums were required—

- (a) for land settlement and housing,
- (b) to provide full employment for all immigrants in the period up to 1953, and
- (c) for economic development enabling Israel not only to produce enough for internal consumption but to increase her exports and lessen her dependence on foreign currency.

Mr. Ben Gurion laid great stress on the importance of the participation of American Jewish business and communal leaders in this programme and invited the conference to discuss how best to obtain in America the enlarged financial support which it would entail. At the end of the debate he spoke again on the security and other needs of the State and paid tribute to those American Jews who had helped to prepare the independence of Israel.

5. After the Prime Minister's introductory speech the delegates listened to speeches by two financial authorities who assured them that Israel would undoubtedly be self-supporting and solvent. The Finance Minister, Mr. Kaplan, stated that since the establishment of the State, agricultural production had increased by 65 per cent. and industrial output by 35 per cent. Unemployment was only 3 per cent. Of 460,000 immigrants, 400,000 had been integrated into the economy of the country; the remainder were in reception camps awaiting absorption. The present assets of the Government together with investments already made in the country amounted to more than Israel's total debts, both foreign and internal. The national income would increase, it was estimated, from £1.240 million in 1949 to £1.485 million in 1953. Technical reports on the development potential of the country were very encouraging. It was true that mass immigration was a heavy strain on the economy; since independence the Government, in addition to Jewish agency expenditure, had itself spent £1.80 million under this heading. Plans had to be made on a vast scale: there was an irrigation programme involving expenditure of £1.200

million over a period of twenty years, and in the immediate future \$150 million was to be spent on initiating part of it. 750,000 dunams (187,500 acres) were to be irrigated. £1.200 million would be invested in an expansion of agriculture which would "substantially improve the balance of trade." But a large part of the budget would have to go to housing and public works. This might seem a non-economical investment but as long as the new immigrant has no roof over his head he is a non-productive consumer. Most families would be given so-called "one-room houses." In undertaking to provide one-third of the total of \$1,500 million required, Israel was already assuming new sacrifices. But in addition to this, if necessary, the Government would float a loan to be repaid by Israel. "We are ready," said Mr. Kaplan, "to impose this hardship on ourselves and place the burden on the future generations of Israel, in order to solve the problem of the Jewish future and to stabilise Israel."

6. Mr. Kaplan's speech was followed, at the next session, by some surprisingly optimistic statements on the part of Mr. Robert Nathan, the well-known Washington economist. Predicting that Israel would be the spearhead for economic development of the entire Middle East, he declared that no one could seriously question the fact that this country could quickly become economically self-supporting and repay all obligations in the form of public loans and investments. This was the first time, he said, that the full magnitude of Israel's needs had been brought home to American Jewish leaders. "You must have a daring financial policy to go with a daring immigration policy." Israelis would be seriously lowering their standard of living in order to supply their share of half a billion dollars. To lend or invest the greater part of a billion would not require a comparable sacrifice from American Jewry. Mr. Nathan outlined the different forms which American aid to Israel might take and gave his opinion that, despite the adverse effect on purely philanthropic aid which might result from a successful bond issue, it was an expedient "greatly worth while."

7. It is unnecessary to describe in much detail the ensuing debate. Speeches were made by a large number of American delegates. There were two main questions: whether the proposed target of \$1,000 million could be adopted and whether a bond issue might not defeat its own purpose by deflecting support from the United Jewish Appeal. The first question was not much

debated. The plans and figures put before them seem to have impressed the delegates. A few voices, including that of Mr. Sacher, the only delegate from Great Britain, were tentatively raised in favour of restricting immigration. But such a suggestion is in no way popular to-day, even among American Jews: they realise that, as one of them put it, the Jews of Israel who defied the British White Paper of 1939 will not now accept an "American Jewish White Paper" of 1950. As for the launching of a loan, the majority approved it. Representatives of the Joint Distribution Committee which depends of course on voluntary contributions, were unfavourable, and a few personalities connected with the United Jewish Appeal were hesitant and inclined to concentrate on improving the unity and effectiveness of the appeal. Some business men underlined the progress that could be made in directing private investment into Israel. A few delegates thought that United States Government aid to Israel should be regarded as an important potential factor (this suggestion, however, found no place in the formal conclusions of the conference). The general feeling favoured a combination of various suggestions made and a "Summary Committee" was accordingly appointed to draw up recommendations in consultation with the Prime Minister. A Finance Committee was also selected to discuss ways and means with the Finance Minister.

8. The Finance Committee has issued no statement; but the Summary Committee evolved the document which was finally adopted, with only one dissident, by the full conference. It is of such interest that I attach its full text in Appendix B. In it the conference admits the principle of unlimited immigration. (By coupling this with recognition of Israel's devotion to the democratic way of life and the cause of peace, the statement seems to hint that criticism of her stand in the conflict between East and West—such as has been voiced by American Jews—is, in the circumstances, unjustified.) It recognises that realisation of the full magnitude of Israel's economic needs calls for a new approach by American Jews, expresses confidence in the possibilities of development and admits the inadequacy of voluntary contributions and the need for new methods and far larger resources. It accepts the three-year programme of \$1,500 million, of which 1 billion must come from the United States, and approves three methods of financing it: (a) the continuation of the United Jewish Appeal campaign

on an intensified scale, (b) the mobilisation of all American Jews in support of a loan, should the Israel Government decide to float one, and (c) the encouragement of private investments from abroad. Finally, it calls for "a fully representative, national conference" in America to obtain the support of all elements of American Jewry.

9. The American delegates have now returned to the United States to make preparations for the national conference of American Jewry called for by the conference document.

10. It remains to be seen how the American Jewish public will react to this new programme, though it is perhaps unlikely that they will venture to criticise what will be presented to them by their leaders as virtually a sacred duty. The Israel Government for its part has still to obtain the authority of the Knesset (which is in recess until 16th October) for the floating of a loan, but there is no reason to expect opposition except from the Communists and Mapam on the left and perhaps Herut on the right. Finally, unless the point is covered by a message which Mr. Browdy, the President of the Zionist Organisation of America, is said to have brought Mr. Ben Gurion from President Truman, it does not appear that the United States Government has been consulted at any stage. The United States Embassy here was entirely ignored until the conference was over. But \$1,000 million is a significant addition, at a time when the United States is already engaged in hostilities, to the tremendous burden of overseas assistance already being borne by the American economy. It may even be something of a problem for the various Jewish organisations engaged on immigration and resettlement to ensure that the funds raised can be converted into the goods and services essential for the execution of the programme.

11. If it is assumed that the programme is successfully launched in America, it seems that the Israel Government will still be in no position to engage in firm economic planning, since even if loan subscriptions are known, the probable scale of private investment and of gifts to the United Jewish Appeal must surely remain largely a matter of guesswork. In fact, the \$1,000 million is now, and is likely to remain, a high, almost unattainable, target; it is certainly no firm commitment that this sum will be raised. On the other hand the Israel Government have successfully obtained the adoption of their own proposals, in which they have safeguarded so far as possible the system of

free gifts to the United Jewish Appeal within the framework of a plan to produce four times as much as the United Jewish Appeal is at present producing. They have also obtained a generous promise which is free from the restrictions and financial controls associated with United States Government aid.

12. As regards Israel's part of the bargain, in the first place there is the commitment to unlimited immigration for the next three years; if the American programme is not a complete failure, there can be no going back on that. The American Jewish leaders have given their full support to this policy. It follows as a corollary that the prospect of persuading Israel to give up any substantial part of the territory it now occupies, as part of a general settlement with the Arabs, becomes even more remote than it already is. Then there is the undertaking to find the equivalent of \$500 million, or £1.60 million a year. Any contributions, investments or credits obtained from countries other than the United States will count towards this total. Allowing for this, it seems that the burden on Israel should be little greater than it is now. You will recall from my despatch No. 202 E of 15th August that the Development Budget for 1950 amounts to £1.65 million, of which £1.16½ million are to come from the United States Export-Import Bank loan. It is likely, however, that continued capital financing on the present scale will lead to further inflation, and it is understood that further Governmental measures are now under consideration. Altogether the present situation was well summed up by the independent newspaper *Ha'aretz* in the words that while a propaganda victory had certainly been scored, no real success had yet been achieved.

13. The reaction of the Israel public has been sober, as well it might. The Communists, of course, have fiercely attacked the link with American imperialism. Their newspaper *Kol Ha'am* reported Mr. Ben Gurion's opening speech under the headline: "Ben Gurion praises United States aggression in Korea and asks for \$1½ billion." *Al Hamishmar* (Mapam) similarly denounced Mr. Truman's message as part of an Anglo-American drive to consolidate a united political and military bloc as a springboard from which to attack Russia. Mapam opposed the loan project not only on the ground that it would disrupt the United Jewish Appeal and the Zionist Movement, but also because it would jeopardise Israel's independence by giving the United States an

opportunity of laying down political conditions. That the subscription of vast sums in the United States should tend to draw Israel into the American orbit strategically as well as in other respects is inherent in the facts of the situation, but despite Left-wing allegations it does not in fact appear that the American visitors were out to exert direct pressure in this connexion. On the other hand there were the usual intrigues by Israel business and Right-wing circles which urged them to put on pressure with a view to obtaining a change of economic policy in Israel. Not surprisingly some of the American Jewish leaders were reported to agree with this view and to be very critical of the way in which Government bureaucracy was hampering investment from abroad. Local General Zionist leaders held private consultations with members of their party among the delegates; according to Mapai circles, they did their utmost to blacken the Government's economic policy, supporting their denunciations with documents and memoranda. The Right-wing, including the Religious Bloc, conducted a campaign throughout the conference in favour of the idea that United States Jewry should be invited not merely to give money but to advise on its expenditure and participate in the planning of Israel's economy—the implication being that a swing-over from controlled economy to private enterprise would necessarily result. These circles tended to doubt the urgent necessity of a loan and to claim that if only the Government would lift the controls now choking private enterprise the revenue from the Appeal and from investments would increase and perhaps prove sufficient.

14. The same sections of the press have also shown a good deal of alarm and regret at the apparent decline of the Zionist Organisation. Not only the Right-wing Opposition (General Zionists and Herut) but from another angle, the Mapam party have complained that the Government has treated the Organisation with neglect or hostility. Even the Religious Bloc, whose views on economic policy accord more with those of the opposition than with those of their fellow-members of the Coalition, has chimed in. Thus Mapai is almost alone in adopting without qualms a bold new policy tending to by-pass the Zionist Movement and appeal directly for the support of all Jews, even the non-Zionists and "assimilationists." The views of Mr. Ben Gurion appear to have evolved considerably in this respect. Mrs. Myerson, the Labour Minister,

who has always been exceptionally successful in raising money and interest in the United States (she was brought up in Milwaukee), is now actively promoting the idea that the activities of the Zionist Organisation should be positively curtailed. The Zionists sense and resent this change of attitude, but they know they are losing ground abroad and are no longer so sure of themselves. Several of their spokesmen appealed to the conference to give more importance to their Organisation. Dr. Neumann, one of its former presidents, not only did that but gave an interview to *Haaretz* in which he complained of a pre-meditated policy of underestimation of the Zionist Organisation.

15. The fact is that the conference could not fail to bring home to members of the Zionist Organisation of America how greatly its importance has diminished. Today it is only one of many fund-raising bodies. After the conference the Organisation, through its President, Mr. Browdy, pledged itself in writing to sell \$100 million worth of the bonds which the Israel Government is expected to issue. This was announced with satisfaction by Mr. Ben Gurion, but it is of course only a fraction of the total required. In view of the magnitude of Israel's present tasks and plans and of the far broader support which Israel is both anxious and able to secure, the Government can no longer be expected to lean exclusively or even preponderantly on the Zionist Organisation or to give it priority rights based on merely theoretical considerations. The tendency to overlook the organisation, of which the latter so often complains, seems to be gaining ground both in Israel and in the United States. One symptom of it was the announcement, made during this "Ben-Gurion Conference" that the World Zionist Congress, so long expected and at last due to be held in Israel towards the end of the year, would once more be postponed. The principal reason given was that its convocation was liable to impair the efficiency of the present fund-raising drive! A few years ago it would have seemed quite impossible to put forward such an explanation. Yet to-day there is practical sense in it.

16. There is also a certain political significance. The postponement of the World Zionist Congress, coinciding with Mr. Ben Gurion's triumph at this recent conference in Jerusalem, seems to mark one more stage in his battle to assert his leadership of world Jewry. The opposition which the Prime Minister has encountered on the

part of a section of the Zionist Organisation of America and his reactions to it have been described by Sir Knox Helm in a series of reports ending with his despatch No. 131 of 19th May. In the latter he pointed out how Mr. Ben Gurion, whom the American Zionists forced to resign from the Jewish Agency Executive in 1948, to-day again controls its activities through the Co-ordination Committee. To this one may add that he now appears to be on the way to achieving moral leadership in the United States of a far broader movement which will develop and dwarf the Zionist Organisation. It is said that he will himself visit the United States to launch the loan campaign with other ministers and members of the Jewish Agency Executive, and that American Jewish leaders hope for him to go as official guest of President Truman. If this takes place it should prove a further triumph for Mr. Ben Gurion and the Mapai Party. His principal Zionist critics in America, Dr. Silver and Dr. Goldstein, declined to attend the conference, on the pretext of rabbinical duties at the Jewish New Year which occurred shortly after the Conference. If there is any truth in the rumour that they were deliberately given too short notice, the fact that they can be so treated with impunity only underlines their present insignificance.

18. I am sending copies of this despatch and enclosures to the Head of the Middle East Office in Cairo and to His Majesty's Representatives in Washington, Alexandria, Ankara, Bagdad, Amman, Damascus, Beirut, Jedda and Jerusalem.

I have, &c.

J. E. CHADWICK.

APPENDIX A

Participants in the Conference Convened by the Israel Prime Minister, in Jerusalem, on 3rd August, 1950

I.—American Jews

1. Herbert R. Abeles, of Newark, N.J., president of the Abeles Lewit Company, and of the Pruden Tool Company. Former president of Jewish Community Council of Essex County, N.J.
2. Martin Abelow, of Utica, New York, president of the Abelow Laundry Company and President of the Jewish Community Council of Utica.
3. George Backer, former publisher of the *New York Post*, president of the Organisation for Rehabilitation through Training.
4. Henry C. Bernstein, director of the Greater New York United Jewish Appeal.
5. Philip Bernstein, New York, associate director of the Council of Jewish Federations and Welfare Funds.
6. Maurice Boukstein, counsellor to the Jewish Agency in New York and the Weizmann Institute.

7. Mrs. S. A. Brailove, Elizabeth, New Jersey, chairman of National Women's Division of the United Jewish Appeal.

8. Otto Bresky, Boston, Mass., president of the Seaboard Allied Milling Corp.

9. Benjamin G. Browdy, of New York, president of B. G. Browdy, Inc., textile manufacturers, and president of the Zionist Organisation of America; member of the board of the United Palestine Appeal and national chairman of the Keren Hayesod of America.

10. Abraham Dickenstein, managing director of A.M.P.A.L.

11. Mrs. Katherine S. Falk, of New York, member of board of National Women's Division of United Jewish Appeal.

12. Abraham Feinberg, of New York, president of Jac Feinberg and Sons, hosiery manufacturers; United Jewish Appeal National Chairman for Trades and Industries.

13. Haym Fineman, United Palestine Appeal.

14. Julian Freeman, Indianapolis, Ind., president of Freeman Store Equipment Company; vice-president of the Council of Jewish Federations and Welfare Funds.

15. Herbert Friedman, Denver, Colo., co-chairman, 1950 Allied Jewish Appeal of Denver.

16. Nahum Goldman, chairman of the American Section of the Jewish Agency Executive, and chairman of the World Jewish Congress.

17. Monroe Goldwater, senior partner in law firm of Goldwater and Flynn; national vice-chairman of Joint Distribution Committee and president of United Jewish Appeal of Greater New York.

18. Sidney Green, New York, financial consultant to the Government of Israel.

19. Mrs. Rose Halprin, New York, member of the American Section of the Jewish Agency for Palestine and president of Hadassah.

20. Gottlieb Hammer, New York, executive director of the American Section of the Jewish Agency.

21. Joseph H. Hoodin, Cincinnati, lawyer, chairman of 1950 Jewish Welfare Fund Campaign in Cincinnati.

22. A. S. Kay, Washington, D.C., president of the Kay Construction Company and vice-president of the United Jewish Appeal of Greater Washington.

23. Moshe Kirschblum, New York, of the American Mizrahi.

24. Moses A. Leavitt, New York, executive vice-chairman of the Joint Distribution Committee.

25. Jeanette Leibel (Lourie), executive secretary of Hadasah.

26. Dr. Harris Levine, New York, president of the Jewish National Fund of America.

27. Harold F. Linder, New York, president of the General American Investors Company and president of the Institute for Advanced Study at Princeton, N.J., and national vice-chairman of the Joint Distribution Committee.

28. Louis Lipsky, president of the American Zionist Council.

29. Philip W. Lown, Auburn, Maine, head of Lown Shoes, Inc., shoe manufacturers, and president of the Maine Jewish Council.

30. Zvi Lurie, member of the American Section of the Jewish Agency Executive.

31. Boris Margolin, New York, president of the Tioga Silk Company.

32. Joseph Meyerhoff, Baltimore, Md., president of the Property Sales Company and vice-president of the Clark Certified Concrete Company; president of the Jewish Welfare Fund of Baltimore.

33. Edward Mitchell, Los Angeles, Calif., chairman of the board of the Beneficial Standard Life Insurance Company; special gifts chairman of the 1950 United Jewish Welfare Fund of Los Angeles.

34. Fred Monosson, Boston, Mass., head of the Cosmopolitan Raincoat Company and national vice-president of the United Palestine Appeal.

35. Henry Montor, New York, director of the United Jewish Appeal.

36. Louis S. Myers, Kansas City, Mo., vice-president and manager of the Rodney Milling Company; and honorary president of the Jewish Federation of Greater Kansas City.

37. Stanley C. Myers, Miami, Fla., lawyer; president of the Council of Jewish Federations and Welfare Funds.

38. Robert R. Nathan, Washington, D.C., economist, director of the Economic Department of the Jewish Agency for Palestine.

39. Dr. Emanuel Neumann, New York, former president, Zionist Organisation of America.

40. Irving Norry, Rochester, N.Y., president of the Norry Electric Equipment Company; president of the Jewish Welfare Fund of Rochester.

41. Herbert Patchen.

42. Oscar Pattiz, Los Angeles, California, president of the Beneficial Standard Life Insurance Company and general chairman of the 1950 United Jewish Welfare Fund of Los Angeles.

43. Ellis Radinsky, New York, executive director of the United Palestine Appeal.

44. Adolf Robison, West New York, N.J., president of Robison Textile Company.

45. Charles Rosenbloom, of Pittsburgh.

46. Samuel Rothberg, Peoria, Ill., production manager of American Distilling Co.; national chairman for Initial Gifts of United Jewish Appeal.

47. Judge Morris Rothenberg, New York, national chairman of the United Palestine Appeal.

48. Joseph Schechtman, deputy member of the American Section of the Jewish Agency.

49. Albert Schiff, Columbus, O., vice-president of the Shoe Corporation of America and associate treasurer of Zionist Organisation of America.

50. Robert W. Schiff, Columbus, O., president of the Shoe Corporation of America and chairman of the board of A. S. Book and Company; Big Gifts chairman of 1950 Jewish Welfare Fund Campaign of Columbus, Ohio.

51. Dr. Joseph J. Schwartz, Paris, director-general of the Joint Distribution Committee.

52. Nathan Shainberg, Memphis, Tenn., head of Shainberg's Dry Goods Company (chain stores) and president of the Jewish Welfare Fund of Memphis.

53. Morris Shapiro, Roxbury, Mass., head of the Trimount Clothing Company and member of board of trustees, Combined Jewish Appeal of Boston.

54. Joseph Shulman, Paterson, N.J., president of Shulman-Abrash, Inc., textiles, and president of Jewish Community Council of Paterson, N.J.

55. Rudolph G. Sonneborn, New York, secretary-treasurer of L. Sonneborn, Sons, Inc., chemicals, paints and oils; chairman of the Administrative Council of the Zionist Organisation of America.

56. Meyer F. Steinglass, New York, director of publicity of the United Jewish Appeal.

57. Julian B. Venezky, Peoria, Ill., lawyer, president of the Corn Belt Sales Company and chairman of the National Campaign Cabinet of the United Jewish Appeal.

58. Ralph Wechsler, Newark, N.J., oil business; member of board of United Palestine Appeal; former chairman Budget Committee Jewish Community Council of Essex County, N.J.

59. David Wahl, publisher of *Israel Speaks*.

60. Baruch Zuckerman, member of the Jewish Agency Executive and chairman of the Labour Zionist Organisation of America.

II.—Other Overseas Delegates

From South Africa.—Mr. N. Kirschner, former president of the Zionist Federation.

From Great Britain.—Mr. Harry Sacher, former member of the Jewish Agency Executive.

III.—Israelis

In addition to all the members of the Cabinet, the sessions were attended by the Speaker of the Knesset and Acting President, Yosef Sprinzak; the Economic Adviser to the Government, David Horowitz; the Secretary to the Government, Zeev Sharef; the Director-General of Information Services, Gershon Agron; Director of the Economic Research Department of the Prime Minister's Office, A. L. Gruenbaum; Director-General of the Ministry of Agriculture, Haim Halprin; Director-General of the Ministry of Trade and Industry, Gershon Meron; and Teddy Kollek of the Ministry for Foreign Affairs, secretary to the Conference.

Members of the Israel Section of the Jewish Agency Executive attending were: Yehuda Berginsky (Deputy); Eliahu Dobkin; Levi Eshkol; Yehuda Gellman (Deputy); Rabbi Zeev Gold; Itzhak Greenbaum; Zvi Hermann (Deputy); Moshe Kol; Berl Locker (Chairman); Itzhak Raphael; S. Z. Shragai; J. Hestrin, Acting Secretary of the Executive; George Josephtal, Director of the Department of Absorption; J. Klinov, Public Relations Officer.

Other delegates from Israel were: Dr. A. Barth, managing director of the Anglo-Palestine Bank; Dr. Avraham Granott, managing director of the Jewish National Fund; Dr. Arthur Hantke, managing director of the Keren Hayesod; Peretz Naphtali, member of the Economic Committee of the Knesset; Charles Passman, representative of the Joint Distribution Committee in Israel; Meyer Weisgal, chairman of the Executive Council of the Weizmann Institute; and Yosef Weitz, director of the Resettlement Department of the Jewish National Fund.

APPENDIX B

Report of the Summary Committee

Meeting in the Holy City of Jerusalem, in the free and democratic State of Israel, which has admitted more than 450,000 homeless Jews in the last two years, and which has triumphed against all dangers and difficulties in establishing its independence, we, the fifty members of the delegation from the United States invited by Prime Minister David Ben Gurion and by Mr. Berl Locker, chairman of the Executive of the Jewish Agency, have been privileged to meet with the Prime Minister and other members of the Government to consider the economic situation of Israel and a three-year programme for the development of the country.

After a comprehensive and frank discussion, we have arrived at the following conclusions:—

1. That the people of Israel are dedicated to keep the doors wide open for all the hundreds of thousands of Jews fleeing from persecution and misery; and that they are ready to make every sacrifice to preserve the democratic way of life which is the moral essence of their very existence and that Israel is striving for peace so that it may give the full benefits of a free and productive life to all its people.
2. We have come to realise that the full magnitude of the tasks of absorbing hundreds of thousands of new immigrants in Israel and consolidating its economy on a sound basis is far beyond any conception which the Jews of America have so far entertained, and calls for a new approach to the scope of the co-operation between the Jews of the United States and the people of Israel.

3. In the light of the tremendous achievements already made in rehabilitating the land and developing industrial activities, we are confident that if the tools and capital are made available Israel will not only become self-supporting, but it will also serve as a dynamic and democratic force in the development of the entire Middle East.
4. The interest of American Jews in the future of Israel has been manifested by a high degree of generosity and the flow of contributions to the United Jewish Appeal has made possible the outstanding accomplishments in mass immigration and settlement. However, the State of Israel has reached a crucial point of development in which contributions are not adequate to meet long-range economic needs, and the Jews of America must recognise that new methods must be found to provide the far larger resources required in this vital transition period.

Far above the needs of financing this immigration is the programme of complete absorption of many of those who have reached Israel in the past two years, and the hundreds of thousands who are expected to come in the next three years. To make this vast number of new-comers fully productive and integrate them into the economy of the country, Israel will require \$1,500,000,000 for the next three years. The people of Israel are ready to make the utmost sacrifice to assume the fullest share of this responsibility. But \$1,000,000,000 must come from the United States. Requirements of such scope cannot

be provided in full through voluntary contributions alone, and consequently additional channels must be found to discharge this obligation.

Therefore we believe—

- (A) That the United Jewish Appeal must be continued on an enlarged scale to elicit the widest possible response.
- (B) That should the Government of Israel decide to float a public loan in the United States as a means of obtaining funds for the financing of constructive programmes, American Jewry will extend its fullest support and we pledge ourselves to render maximum service in the attainment of this objective.
- (C) There are many opportunities for private investment in Israel in productive and profitable projects. To realise the potentials in the field of private investment, more intensive efforts should be undertaken both in the United States and Israel.

Appreciating that the exploratory conference between America and Israel leaders will be productive to the degree that all of American Jewry will share in its conclusions, we of America urge the convening in the United States, at the earliest possible date, of a fully representative, national conference of the Jews of America, at which the conclusions reached here may be presented for the understanding and sanction of American Jewry, so that, with full knowledge and determination, it may go forward in accomplishing the most constructive enterprise in the history of our people.

ER 1015/51

No. 38

POLITICAL SITUATION IN ISRAEL

Sir K. Helm to Mr. Bevin. (Received 7th November)

(No. 284. Confidential) Tel Aviv,
Sir, 1st November, 1950.

With reference to my telegram No. 474 of 16th October I have the honour to inform you that the Cabinet crisis precipitated by Mr. Ben Gurion's resignation has ended after a fortnight with things very much as they were. The Prime Minister was able to do on 30th October what he had set out to do on the 16th: he announced to the Knesset the formation of a new Cabinet based on the same four parties which participated in the outgoing Government, but with a reshuffle of portfolios.

Facts behind Cabinet Resignation

2. The immediate occasion for the crisis was this long-expected Cabinet reshuffle. Its details were unofficially published on the 13th, and caused little surprise. Its principal purpose was to meet the demands of the Coalition's Right-wing by reorganising on a new basis the departments responsible for economic affairs. First the Ministry of Supply and Rationing was to be abolished and the Ministry of Agriculture was to be put in charge of its main functions. Dr. Dov Joseph, who previously had

directed both, would be transferred to Communications, and Mr. Lubianiker, a rising star in Mapai, would relinquish the Secretariat General of the Histadrut to become Minister of Agriculture. His inclusion would be offset by dropping the unsuccessful Minister of Education, Mr. Shazar, whose portfolio would be taken over by Mr. Remez (formerly Communications). This amounted to a redistribution of Mapai Ministers, without increasing their number. Secondly the Ministry of Trade and Industry, hitherto more or less in abeyance, its portfolio being held since March 1949 by the Minister of Finance, was to have its own Minister with wider powers. The essence of the crisis was that the Religious *Bloc*, whose two middle-class parties had been more or less in opposition to Mapai not only over religious but also over economic issues, attempted to barter their consent to the proposed reorganisation for Government concessions on religious questions.

3. As I reported in my telegram No. 474, Mr. Ben Gurion, faced with this obstruction from the Orthodox, gave them a time limit and on its expiry impetuously

resigned on 15th October. According to Israel practice the outgoing Cabinet remains in power until its successor is actually formed and has received a vote of confidence, so that the country has in fact continued to be governed by Mr. Ben Gurion and his former Ministers, while attempts were made to provide a substitute acceptable to the Chamber. Asked by President Weizmann to form a new Government, Mr. Ben Gurion found himself without a majority and could only propose to the Knesset that new elections should be held in two months' time and that meanwhile he and his six ministerial colleagues of the Mapai Party should carry on alone as an interim Government. This odd proposal for a Cabinet was partly occasioned by a last minute refusal of his former minor allies, the Progressives and Sephardim, to serve in it. The Knesset naturally rejected it, though only by 57 votes to 43. But it did vote that the competent parliamentary committee should draft an electoral law, proposing among other things, a date for the elections, and submit it within a fortnight. Mapai saw to it, however, that this resolution was so worded that elections could be avoided if a majority Government was meanwhile formed. The committee later suggested 20th February as the date of elections. In the end on 30th October Mapai had to force a vote to prevent discussion of the Election Bill which the committee had drafted.

Attempts at Mediation

4. Mr. Ben Gurion's hurried resignation had caused an acute crisis. In the opinion of many coalition supporters, circumstances did not warrant it, since if he had cared to be patient he could have settled his quarrel with the Orthodox by negotiation. He now refused even to discuss matters with them or to sit with them in a caretaker Government. But others were willing and able to undertake the task of conciliation and they finally succeeded. Invited by the President to form a new Government, Mr. Rosen (Progressive), the Minister of Justice, took the leading part throughout; Mr. Sharett, who returned from Lake Success for the purpose, also made a useful contribution. Among other things Mr. Rosen tried to bring in the General Zionists instead of (or as well as) the Orthodox. He also made advances to Mapai. But it quickly became clear that a larger coalition was impossible, and that the alternatives lay between a Mapai-Religious *Bloc* agreement and new elections. Though Mr. Ben Gurion pro-

claimed his own willingness for elections, the prospect was not really much favoured by his party, and still less by the Religious *Bloc*; indeed few except the General Zionists sincerely desired them and most observers seemed to think that in practice they would not greatly change the various party strengths. A return to the *status quo* was therefore the general though unexpressed desire.

5. In the end Mapai conceded very little while the Orthodox *Bloc* withdrew on many issues, in the main covering their retreat with face-saving formulae. The *bourgeois*, elements of the Religious *Bloc* sympathised with the commercial class in its opposition to the Government's economic policy. They claimed the portfolio of Trade and Industry for themselves, but were said at the time to have been placated by a promise of a high post in the Ministry. The Labour wing of the *bloc* was in any case less interested in these matters and the discussion turned mainly on religious issues. In order to obtain greater control of religious education the Orthodox had demanded the institution of an Under-Secretariat in the Ministry of Education, to be held by them; instead they were promised and accepted the establishment in the Ministry of separate sections for each educational "trend." They would have charge of the section dealing with religious schools.

6. They also wanted assurances that only kosher meat would be imported and that a Sabbath Observance Law would be passed banning inter-urban transport services on Saturdays and religious holidays. But on these points Mapai stood firm. Already in January 1949 the Provisional Government, following a three-months boycott of its sessions by the Orthodox Ministers, had conceded the principle that the Minister for Religious Affairs should share control of the importation of meat; this concession, equivalent to an agreement to import kosher rather than non-kosher meat, has been maintained. Similarly, though there is no Sabbath law, public transport on the Sabbath has in fact been almost non-existent except at Haifa. Mapai agreed to maintain the *status quo* on these matters but would make no further formal concessions beyond the setting up of a ministerial committee to consider religious questions, without obligation to refer them to the Cabinet for decision within any specified time. The Orthodox further declared their intention of urging the formation of special units in the army for

religious soldiers and of resisting the introduction of legislation granting women the same rights as male citizens. But here again Mapai would accept no commitment.

Agreement and New Cabinet

7. The final result of the discussions was a seven-point agreement between Mapai and the Religious *Bloc*, of which I attach the text in appendix. By it the Orthodox are bound in effect to serve in the coalition on the original conditions until the end of the originally agreed term of four years, without meanwhile raising religious issues except through a ministerial committee.

8. The labour sections of the Mizrahi and Agudist Parties first accepted the agreement. The Agudists then followed suit after their leader, Rabbi Levin, Minister of Social Welfare, had consulted the Rabbinical Council of the Aguda and received its approval. Some of the Mizrahi leaders tried hard to get their party to dissent, but in the end only one of their Deputies held out. He is an outstanding personality, Mr. Pinkas, chairman of the Knesset's Finance Committee, who has tried all along to obtain the portfolio of Trade and Industry for his party, if not for himself. In any case his objections are essentially of an economic character.

9. The Cabinet presented to the Knesset by Mr. Ben Gurion after all these manoeuvres is constituted as follows:—

- (i) David Ben Gurion (Mapai): Prime Minister and Defence.
- (ii) Moshe Sharett (Mapai): Foreign Affairs.
- (iii) Eliezer Kaplan (Mapai): Finance.
- (iv) David Remez (Mapai): Education.
- (v) Mrs. Golda Myerson (Mapai): Labour.
- (vi) Dov Joseph (Mapai): Communications.
- (vii) Pinhas Lubianiker (Mapai): Agriculture.
- (viii) Moshe Shapiro (Religious): Interior, Health, Immigration.
- (ix) Rabbi Yehuda Maimon (Religious): Religious Affairs, War Sufferers.
- (x) Rabbi Yitzhak Levin (Religious): Social Welfare.
- (xi) Pinhas Rosen (Progressive): Justice.
- (xii) Behor Shitreet (Sephardi): Police.
- (xiii) Yaakov Geri (non-party): Trade and Industry.

The principle underlying this reshuffle has been explained in paragraph 2 above. Mapai stands to gain considerably by the substitution of Mr. Lubianiker for

Mr. Shazar. (It is believed, incidentally, that the latter is to go as Minister to Moscow; Mr. Namir has already been recalled from there and is expected to take Mr. Lubianiker's place at the head of the Histadrut.) At the same time the party balance has been more or less maintained, since although the new Cabinet includes one more Minister than before, he belongs to no party and is not even a member of the Knesset.

10. This new Minister, who assumes the important revived portfolio of Trade and Industry, is Mr. Yaakov Geri. (Until his appointment he was known as Jack Gering. According to the press this revived too painful memories among his Cabinet colleagues to be. Not only so, but when reading the new name to the Knesset the Prime Minister expressed the hope that Mrs. Myerson and Mr. Lubianiker should also take Hebrew names.) Born in 1901 in Lithuania Mr. Geri was brought up in South Africa and practised as a lawyer in Johannesburg. He came to Palestine in 1934 and has pursued a successful business career, becoming manager and director of various important companies. I know and like him. He is a man with a mind of his own—at the last moment he successfully insisted in obtaining the control of building materials from the Ministry of Labour—and has the reputation of being a very hard worker and a good organiser. His brother, who is chairman of the Zionist Organisation in South Africa, inclines to the Progressive Party and he is said to have the same political sympathies. "Haboker" (General Zionists) has objected to him as being "a person described as above party but in reality bound to Mapai from an economic and personal point of view." This may be an exaggeration but Mr. Ben Gurion is not likely to have placed a person hostile to himself and his party in what is now the key position in the Government's dealings with the disgruntled commercial middle class.

11. The Government could not be changed without a debate and a vote of confidence. It is confidently expected that this will be forthcoming from the debate which began yesterday and which will be concluded later to-day. So far it has produced nothing worthy of particular comment.

Impressions

12 Thus in all essentials Mr. Ben Gurion has had his way. The Cabinet as now constituted is the one he proposed on the eve

of the crisis and the acceptance of his programme has been confirmed. The Religious *Bloc* has dropped its demands one by one and, though it has obtained one or two concessions of form, it has secured no new commitments of substance. It has, it is true, extracted the promise of a Cabinet Committee to examine religious matters. But no term has been set for the appointment or the proceedings of that committee and no undertaking given that its recommendations will be implemented. Yet in return the leaders of the Religious *Bloc* are committed to conform to Cabinet decisions and by implication therefore not again to press their demands to breaking point.

13. To say that the leaders of the Religious *Bloc* have been out-manoeuvred is no overstatement. They had much in their favour: considerable successes in the first two years of the State's existence with nothing more than a drawn battle over the religious issue in the spring; orthodox feeling probably at its strongest among the mass of immigrants; the gage thrown down by the Prime Minister in a manner which aroused widespread criticism: and finally a tactical position strengthened by the refusal of Mapam and the General Zionists to consort with Mapai. But the *bloc* could not rely on its two Labour wings and when it came to the point its two other elements decided to accept terms rather than face elections. In the end, therefore, the Religious *Bloc* was fighting a rearguard action and seems to have lost a position which it can never hope to recover. It is obvious that its defeat must vitally affect the future development of Israel, which now can hardly fail to be on more secular lines, and may also have deep repercussions on Jewry itself.

14. Mr. Ben Gurion's only major concession—if it can be so termed—has been to forget his angry outburst early in the crisis that in no circumstances would he again consent to serve in a coalition government composed as before. In fact his triumph seems to be complete. But in gaining it he has owed much to the full backing of the Mapai Party, who not only shared in his exasperation at the demands of the Religious *Bloc*, but also, no doubt, were very ready to seize upon the religious issue to divert attention from the criticisms levelled at their economic policy. The crisis proved that a Government cannot be formed without Mapai, and otherwise than on Mapai's terms. It began as a personal crisis of

Mr. Ben Gurion's, and the tactics he used can only be described as regrettable; but once counsels of moderation prevailed, the real victory became that of the Mapai Party, who showed themselves ready to continue to apply the compromises to which they had already consented, but refused to move one inch beyond. As for Mr. Ben Gurion's personal position, the outcome of the crisis has enabled him and his party to reaffirm their ascendancy. But, though it has established that to-day there can be no alternative to Mr. Ben Gurion as Israel Prime Minister, I think that it also has confirmed the suggestion made in my despatch No. 5⁽¹⁾ of 3rd January that his popularity has passed its peak. Certainly his impulsive dictatorial methods have alienated many. Nevertheless, full power is for all practical purposes now vested in him, and I fear he may too readily forget the persuasion which his colleagues and advisers must have brought to bear to induce him to re-form his Coalition.

15. I am sending copies of this despatch to the Head of the British Middle East Office and to His Majesty's Representatives at Washington, Cairo, Bagdad, Beirut, Damascus, Amman, Jedda and Jerusalem.

I have, &c.

A. K. HELM.

Appendix

Seven-point agreement reached between Mapai and the Orthodox bloc

1. The ten-point Coalition programme approved by the Knesset in March 1949, as well as the recent decision on economic policy, jointly constitute the only basis for a stable Government until the end of the First Knesset's term.

2. All members of the Government bear collective responsibility for its actions.

3. The Government is bound to safeguard full equality of rights and freedom of conscience of all citizens, and to prevent any discrimination or coercion in economic, religious and cultural matters from whatever quarter.

4. The ruling adopted by the Provisional Government regulating the import of meat shall continue in force. This practice provides the import of meat to be handled by the Minister concerned with food supplies

⁽¹⁾ No. 1 in this Volume.

together with the Minister of Religious Affairs.

5. A law is to be passed fixing the Knesset's term at four years from the time of its elections, *i.e.*, until January 1953.

6. A Ministerial Committee will be set up to clarify religious questions. Until these problems are resolved, no worsening of the

status quo in religious affairs will take place under any circumstances.

7. The members of the Coalition will announce to the Knesset their willingness to support the Government and to participate in it without interruption until the termination of the term of the First Knesset.

ER 1013/15

No. 39

MONTHLY REPORT ON ISRAEL FOR OCTOBER 1950

Sir K. Helm to Mr. Bevin. (Received 10th November)

(No. 290)

Tel Aviv,

Sir, *3rd November, 1950.*

I have the honour to enclose a general report on Israel for October 1950.

2. I am sending copies of this despatch to the British Middle East Office and to His Majesty's Representatives at Amman, Ankara, Bagdad, Beirut, Cairo, Damascus, Jedda, Jerusalem and Karachi.

I have, &c.

A. K. HELM.

Enclosure in No. 39

Monthly Report on Israel for October 1950

General

The main topics of public interest at the beginning of the month were the Prime Minister's campaign against the black market and the progress of the Korean question, both in the field and at the United Nations. These were suddenly driven into the background by the Cabinet crisis, which was the main preoccupation in the second half of the month, and by the practice mobilisation of the Israel defence services, accompanied by brief manœuvres and civil defence exercises.

2. At the General Assembly, Israel, while seeking to play an intermediate rôle, supported the proposals of the Western nations on Korea and on the establishment of United Nations defence against aggression.

3. Despite much negotiation, both locally and in New York, there was no change during the month in Israel's relations with the neighbouring Arab countries.

Foreign Relations

4. At the United Nations Assembly, Israel supported the United Kingdom Resolution

on Korea, after proposing an amendment regarding consultation with all political interests in Korea, which was accepted in Committee. This vote evoked manifestos of protest from the Israel Communist Party and Mapam. After some hesitation, Israel also supported the American proposals for collective security and was itself appointed to the Peace Observation Committee. In the Assembly's Legal Committee Israel was alone in voting against the proposed invitation to the Arab League to send an observer to the Assembly. The election of Turkey to the Security Council was welcomed in Israel.

5. In the second half of October the Security Council held three sessions to consider the complaints of Egypt, Israel and Jordan. After hearing all the parties on the Egyptian and Jordanian complaints, the Council decided to summon General Riley to appear before it. According to press reports, General Riley affirmed that there were no rulings by the Egyptian Mixed Armistice Commission to support the Egyptian contention that Israel had violated the frontier or the El Auja demilitarised zone, or had expelled Arabs illegally into Egyptian territory. He also affirmed that according to his maps the Naharayim area, at the junction of the Jordan and Yarmuk rivers, was shown on the Israel side of the armistice demarcation line. The Security Council decided to invite Dr. Bunche to attend the next session.

6. Meanwhile the final batches of emigrants from Migdal Gad (Majdal) were escorted to the Gaza strip in the full glare of publicity, and in the presence of Egyptian officers. Migdal Gad is now understood to have been emptied of virtually the whole of its Arab population, and military government is likely to be withdrawn shortly.

7. Meetings of the Special Committee under Article VIII of the Israel-Jordan Armistice Agreement were held on 1st and 12th October, but made no progress. A further meeting fixed for 26th October was postponed—allegedly at the Jordan Government's request. The Israel Government took a lively interest in King Abdullah's efforts to find a Cabinet which would be less uncompromising in its refusal to negotiate with Israel, and his failure to do so led them to stand on their rights under the Armistice Agreement and to resist suggestions that they should, as a peaceful gesture, withdraw from the disputed (but now unoccupied) plot near Naharayim. At the end of the month a meeting was held at Tulkarm at which the Israel representatives are reported to have appealed for better co-operation from the Jordan side in dealing with marauders, and to have given warning that such persons would be pursued with the utmost rigour on the Israel side.

8. Despite minor border affrays, relations with Syria and the Lebanon were relatively tranquil. The Syrian Mixed Armistice Commission decided that the Israel police boats on the Sea of Galilee were not an infringement of demilitarisation. The Lebanese so far forgot themselves as to attend a party in honour of Israel's world-record-beating cow.

Internal

9. The month opened with a burst of activity in connexion with the Government's declaration of economic policy (paragraph 17 of my September report). As the most important of the new measures brought forward, the Prime Minister broadcast on 3rd October a programme of war on the black market. By Cabinet decision all powers formerly held by the High Commissioner under Defence Regulations were vested in him personally for three months. He personally directed the police in an all-out drive to discover and confiscate concealed stocks of rationed goods. It appears to have had considerable success. But the methods used were heavy-handed and not calculated to assuage the feeling of the already disgruntled commercial middle-class. In the course of eleven days 345 arrests were made. Some persons were denounced by name before accusations against them had been investigated and charges brought; others were brought into court handcuffed; savage sentences were imposed not only on systematic organisers

of the black market but on petty hoarders. Even a shipload of immigrants from Poland had their stores of food confiscated on arrival. The public supported the campaign but were somewhat shocked by its severity. Few had not been involved themselves in the black market, at least as purchasers.

10. President Weizmann returned on the 12th from over three months' absence in Europe. His health was said to have improved somewhat but physically he is frail. He immediately found himself involved in a prolonged Cabinet crisis. The measures proposed to the Cabinet by the Prime Minister in September to deal with the economic situation included a reorganisation of the ministries controlling production, commerce and consumption. The Ministry of Supply and Rationing, widely criticised for its conduct of the "austerity" programme, was to be abolished and its functions transferred to that of agriculture in so far as food was concerned and of trade and industry in all other fields; and two new personalities—respectively, Mr. Lubianiker (Mapai) and Mr. Geri (non-political)—were to be brought into the Cabinet to head these ministries. This was Mr. Ben Gurion's response to criticism from the Right-wing Opposition, and to pressure exerted in sympathy with it by the smaller parties in the Government coalition. But the Mizrachi Party, disappointed at not receiving the portfolios of Trade and Industry, now induced the Religious Bloc to barter their consent to this reshuffle for concessions in the religious field. On the eve of the reopening of the Knesset on 16th October, at which Mr. Ben Gurion was to present his reorganised Cabinet for approval, they put forward a number of familiar demands in the field of religious education, import of kosher meat, Sabbath observance, religious courts, &c. Mr. Ben Gurion impetuously resigned and refused even to discuss such matters.

11. A fortnight later he was back at the head of the reorganised Government as originally planned, with the religious parties duly brought to heel by prolonged negotiations. On 1st November the Knesset gave it a vote of confidence by 69 votes to 42. Meanwhile an acute Government crisis had raged, which his intransigence did little to heal, though he won the day. After failing to form a Government without the Mizrachi Party, he proposed new elections (for which the Knesset must first pass an electoral law) and tried to obtain the Knesset's approval

for an interim minority Government composed only of himself and his six Mapai colleagues. The Knesset voted this proposal down, and instructed the appropriate parliamentary committee to propose a date and a procedure for elections, though few except the General Zionists sincerely welcomed the prospect of them. In the next few days various coalition personalities endeavoured to form a new Government without elections. Attempts to bring in the General Zionists and Mapam failed. Only a coalition on the previous four-party basis proved possible, and thanks to the moderating influence at length brought to bear by Mr. Ben Gurion's colleagues in Mapai, the quarrel was eventually patched up. An agreement was signed in which the Religious Bloc virtually capitulated to Mapai on the understanding that the religious issues raised by it would be referred to a ministerial committee and that meanwhile the *status quo* would be observed.

12. Two coming events cast their shadow over this crisis and influenced its course. On 27th October American Jewry held in Washington a vast "National Planning Conference" which would decide the whole future development of financial aid to Israel; and on 14th November the local elections are to be held on a party basis throughout Israel. The former made it imperative to display a stable Government; but the latter made the parties reluctant to concede anything to each other, for fear of losing votes.

13. The Washington "Billion Dollar" Conference was complementary to the "Ben Gurion Conference" held in Jerusalem (paragraph 16 of my September report). It unanimously endorsed the Jerusalem programme (without specifically mentioning "a billion dollars"), but to the three forms of financial aid mentioned (voluntary gifts, Israel Government loan, private investment) it added a fourth: grants-in-aid and loans to be given to Israel by the United States Government. This was put in the first

place and there was open talk of exerting all possible political pressure in America. The Israel bond issue ceased to be the main theme. The Ministers of Finance and Labour and other leading Israelis attended the conference. Great anxiety was felt in Israel lest the Cabinet crisis should affect it adversely.

14. The local elections campaign opened with the publication of party candidate lists in the middle of October. Mapai presents its candidates as the "Histadrut" list and appears to be even allocating Histadrut funds for the campaign. Mapam is standing independently but the Communists declare they will vote for its list wherever they have none of their own. The vote on 14th November is expected to have important repercussions by revealing any recent change in the relative strength of parties.

15. Combined manoeuvres of the armed forces took place on 16th and 24th October, rather overshadowed by the Cabinet crisis, though Mr. Ben Gurion himself, as Defence Minister, seemed to pay more attention to them than to it. In the main they were a mobilisation test, and proved a successful one. Care was taken to avoid any contravention of Israel's armistice agreements with her neighbours.

16. The promoters of the "Peace Petition" in Israel claimed to have collected 300,000 signatures and announced their intention of sending an Israel delegation to the Sheffield "Peace Congress" in November.

17. Immigration continued at a high rate: the intake had been 16,193 in September, in October it was 19,596. The head of the Jewish Agency's Immigration Department stated, however, that during the six winter months the total would have to be limited to 90,000 (*i.e.*, 15,000 per month) owing to organisation and housing difficulties. Of these, 80,000 were expected from Roumania, Poland, Iraq and Persia.

ER 1013/16

No. 40

MONTHLY REPORT ON ISRAEL FOR NOVEMBER 1950

Sir K. Helm to Mr. Bevin. (Received 14th December)

(No. 340. Confidential.) Tel Aviv,
Sir, 6th December, 1950.

I have the honour to enclose a General Report on Israel for November 1950.

2. I am sending copies of this despatch to His Majesty's Representatives at

Washington, Amman, Ankara, Bagdad, Beirut, Cairo, Damascus, Jedda, Jerusalem, and Karachi, and to the British Middle East Office.

I have, &c.

A. K. HELM.

Enclosure in No. 40

Monthly Report on Israel for
November 1950

General

Public attention in the first half of November was mainly focussed on municipal electioneering, which, in the towns, was conducted on lines appropriate to a parliamentary election. The elections resulted in substantial gains for the General Zionist Party (Conservative), though still not enough to make any substantial change either in the national political scene or in the municipal administrations. Later in the month, Chinese intervention in Korea came as a severe shock to the public, from which not even a marked deterioration in relations between Israel and Jordan could serve as a distraction. Reports from the United States on the prospects of fund-raising in 1951 were none too cheerful.

Foreign Affairs

2. In the General Assembly and its Committees, Israel voted in favour of the Collective Security Plan and of the Lie Peace Proposals, and also supported the resolution on Libyan independence. Israel abstained in the Political Committee on the federation of Eritrea and Ethiopia, and voted against the resolution to resume diplomatic relations with Spain.

3. As regards Arab refugees, the Israel delegate undertook to support the draft resolution introduced in the *Ad Hoc* Committee on 7th November, calling for further contributions to the United Nations Relief and Works Agency; he declared Israel's willingness to study the compensation question with the competent bodies of the United Nations, and to pay compensation for abandoned lands into the Reintegration Fund proposed in the draft. On 8th November, however, a Pakistan amendment led him to reserve his position as regards both support for the resolution and the offer of co-operation. This resolution was approved by the *Ad Hoc* Committee on 28th November; Israel voted in favour. A second draft resolution dealing with compensation and repatriation, tabled by the United Kingdom, the United States, France and Turkey, was understood to be less satisfactory to the Israel Government, on the ground that it did not settle the essential point of difference between Israel and the Arabs, namely, the question of repatriation, and in the debate Mr. Sharett made it plain that Israel would not contemplate repatriation.

4. There has so far been little local interest in the preparations for the United Nations discussion of the question of the Holy Places.

5. During the continued debate in the Security Council on the complaints of Egypt, Jordan and Israel, the Israel delegate announced that Israel forces would be withdrawn from Bir Qattar, a well on the Egyptian frontier a few miles north-west of Elath. (Civilian settlers have moved in instead.) On 17th November the Council adopted a resolution calling on the parties to the three complaints to deal with them through the armistice machinery and to take all other steps to bring about a general settlement, and on General Riley to report at the end of ninety days on the compliance given to the resolution. The resolution was considered in Israel to have upheld generally the Israel case, and was received with mild satisfaction.

6. Relations between Jordan and Israel were further impaired during the month by a series of unfortunate incidents. First, the fortnightly Israel supply convoy to the Mount Scopus enclave at Jerusalem did not go through on 1st November. The facts in dispute are not clear: according to the Jordan side, the Israel authorities are endeavouring to prevent adequate supervision of the convoy; according to the Israelis, the Jordan side are continually placing petty hindrances in the way of the convoy. The Israelis claim that in this dispute the United Nations representatives support their case, and that the Jordan authorities are refusing to comply with the United Nations ruling. The convoy due at the beginning of November did in fact go through on 13th November; but the mid-month convoy which presented itself on 22nd November was still held up at the end of the month.

7. The murder by Israel soldiers on 2nd November of two Arab children in the no-man's-land near Latrun was referred to the Mixed Armistice Commission, and the Israel Government at first offered the absurd suggestion that the children might have been caught in the cross-fire between Arab gunmen and an Israel patrol. At a Mixed Armistice Commission meeting on 27th November, however, the Israel Government admitted the crime, and agreed, subject to production of certain evidence, to take all steps to bring the guilty persons to justice.

8. At the same meeting of the Commission, Israel agreed not to press the

complaint against Jordan's alleged threat of the use of force to expel Israelis from the disputed land at Naharayim.

9. Hopes of a slight *détente* aroused by this meeting were dashed by the news that on 29th November the Arab Legion, on instructions from the Jordan Government, had placed defended road-blocks on a section of the Israel motor road from Beersheba to Elath (on the Gulf of Akaba). This section of the road, which runs along the bottom of the Wadi Araba, is claimed to have been constructed on the Jordan side of the frontier (undemarcated) as shown on the map. The Jordan Government had submitted a complaint on the subject to the Mixed Armistice Commission on 22nd November, but the matter had not yet come up for consideration. The Israel Government, on learning the news, immediately demanded an emergency meeting of the Mixed Armistice Commission, and when this request was not met, informed the chairman that a convoy was leaving for Elath next day, and asked him to arrange for it to proceed to its destination. The Israel Government also demanded the withdrawal of the Jordan troops, and the discussion of the Jordan action by the Mixed Armistice Commission.

10. The Special Committee under Article VIII of the Armistice Agreement met twice during November, on the 6th and 30th. Despite the pointers given in the Security Council Resolution, the Committee was still unable to reach agreement on its agenda.

11. On the Egyptian frontier, Israel alleged that the Egyptians were encouraging the infiltration of Bedouin once more; and a United Nations vehicle was shot at near El Auja, with one casualty. The movement of small numbers of Arabs out of the Negev continued. The Israel/Lebanese Mixed Armistice Commission received mutual complaints of overflying each other's territory.

12. Some interest was taken in reports from neighbouring countries of a proposed march of the refugees on Israel; and reports also appeared that Iraq was arranging to transport Jews overland to the borders of Israel. At present, the Jewish Agency is taking in Jews from Iraq by air at a rate of about 4,000 per month. Under Iraqi pressure the possibility of increasing this rate is being considered.

13. The parliamentary proceedings in London on the question of arms for Egypt attracted much attention, and led the Israel Government to make enquiries on the subject through their Minister in London. At

the end of the month the Israel Government were informed that His Majesty's Government in the United Kingdom were now ready, with certain reservations, to receive applications for arms from Israel. The communication was well received.

14. The World Peace Congress at Sheffield and Warsaw received little notice. The handling of the matter by His Majesty's Government was approved by all but the Left-wing parties.

15. The Prime Minister left for a short holiday in Greece and the United Kingdom on 29th November. Sir Thomas Rapp arrived for a short visit on the same day.

Internal

16. The month opened with a vote of confidence in Mr. Ben Gurion's reshuffled cabinet (paragraph 11 of my October report). The Government then brushed aside the draft laws providing for early elections, which had been prepared during the Cabinet crisis and tabled, instead, a Bill fixing the Knesset's term of office at four years, so that the next general election would be early in 1953. The Opposition continued to demand a general election.

17. Their demand became even more vocal, though still unheeded by the Coalition majority, when the results of the local elections held on 14th November became known. These showed that in the urban centres (comprising about 60 per cent. of the population) the General Zionists were now the second largest party, having scored sweeping gains at the expense of all others except Mapam and polled a quarter of the total vote. Mapai, though sobered by the results, was able to point out that the rural districts, comprising the communal and co-operative settlements, had not voted.

18. Dissatisfaction with economic controls and particularly with the Government's clumsy handling of public relations on economic matters is probably the principal reason for this swing to the Right. In Labour circles the deepening rift between Mapai and Mapam is also pointed to as one of the causes. But the elections appear to have made this rift even deeper, since Mapai reproaches Mapam with having split the Labour vote, while Mapam resents the manoeuvre of Mapai in monopolising the name and even spending the common funds of the Histadrut. Negotiations between the two parties for an alliance within the newly-elected municipal and local councils have so far borne no fruit. A symptom of their

strained relations is the recent tendency of Mapam minority groups in mixed communal settlements to get themselves transferred to other Kibbutsim where their party has a majority.

19. Considerable losses, amounting to nearly 4 per cent. of the total vote as compared with the Knesset elections of 1949 in the same area, were suffered by the religious *bloc* parties. Heruth also lost ground, though not so much as was widely predicted. There has since been a renewal of the rumours of an impending split within this party.

20. The election results are believed here to have galvanised that large section of the Zionist Organisation of America who look upon the General Zionists in Israel as the spearhead of their opposition to the Government's social and economic policies. The Silver-Neuman faction, hostile to Mr. Ben Gurion, is said to have become more vocal, demanding restriction of the Jewish Agency's activities in the United States. Mr. Louis Lipsky's sudden resignation from the chairmanship of the American Zionist Council is interpreted as indicating sympathy with this revolt.

21. In general, developments in American Jewry have been watched with interest and anxiety. Conflicting and not very optimistic reports have been published of the progress of the United Jewish appeal since the new impulse given to it by the congresses in Jerusalem and Washington. The public is aware that pressure is being brought to bear on President Truman to obtain from him a grant-in-aid for Israel. This is being underlined as a main element in the expected aid from America. Preparations for the launching of an Israel bond issue are also under way, according to declarations made by the Minister of Finance on 18th November on his return from the United States, though the Jewish Agency is reported to have misgivings as to its advisability at the moment. The Agency Executive held a plenary meeting in New York in the latter part of the month and adopted a budget involving the reduction of expenditure by one-third. This result is to be achieved, it is said, by the Agency withdrawing from support of various causes and declining responsibility for immigrants once they reach the *ma'abarot* (transition camps). But funds will still be required and must be raised and spent by other bodies.

22. These *ma'abarot* camps drew much attention during the month. Great public concern was expressed about the living con-

ditions in them and in the labour camps; at least 150,000 persons (twice as many as last year) will have to pass the winter in extreme hardship, mostly under canvas. The population of immigrants' reception camps has been reduced to 37,000; but the fact that new immigrants now pass rapidly on to places where they can be put to work does not mean that they find there better housing and other facilities; rather the reverse. The tendency is in fact towards the new immigrants becoming an "oppressed class." On the Prime Minister's personal initiative the army has undertaken to provide the *ma'abarot* with personnel and equipment for organisation and maintenance, building, drainage, health services and, where necessary, transport and feeding. A campaign has been started to get as many immigrant children as possible into private homes before the winter.

23. On the last day of November it was announced that the 500,000th immigrant since independence had arrived. However, the intake dropped considerably during the month. Only 12,061 arrived as compared with 19,596 in October and an average of over 17,500 in the three preceding months. Israeli leaders attending the Jewish Agency plenary meeting in New York stated that 25,000 a month could be received if only there were funds. Though little is said about it, though immigration is still unlimited "in principle" it is being purposely kept within certain limits. One result of wholesale immigration is that Israel has accumulated some 25,000 "social cases" which are recognised as "unabsorbable."

24. The new Ministers, Mr. Lubianiker (Agriculture) and Mr. Geri (Trade and Industry) made public statements which, though cautious, were intended to indicate that there would be a certain slackening of controls and rationing. The former will be responsible for the import, export and manufacture of food, the latter for all other branches of national economy. Many charges of Government discrimination in favour of Histadrut enterprises were made in the Knesset in a debate on 20th November; this is a point on which the new Ministers will have to watch their step. On the 30th the Knesset extended for six months the mandatory defence regulations which still serve as the legal basis for economic controls.

25. Military rule ended in Migdal Gad (Majdal) at the beginning of the month. This town, now almost wholly Jewish, together with Acre, Beersheba and Beisan, is to hold municipal elections in May 1951, for

which the "eligibility date" of residence will be 1st November, 1950.

26. An Arab labour exchange was opened in Jaffa under Government auspices. The only other is in Nazareth. At a meeting in

Acre it was decided to form an Association of Arab Co-operative Societies, of which some twenty have been established in the last eighteen months under Histadrut auspices.

ER 1104/20

No. 41

ECONOMIC SITUATION IN ISRAEL

Sir K. Helm to Mr. Bevin. (Received 22nd December)

(No. 359E) Tel Aviv,
Sir, 19th December, 1950.

Of the multitude of questions asked to-day about Israel, perhaps none are so frequent as those relating to the prospects of its economic survival. Few also are so difficult to answer. In the conditions of just over a year ago I made my own attempt in my despatch No. 119⁽¹⁾ of 1949 in which I reached the conclusion that, though on any normal economic reasoning Israel ought to collapse, she was unlikely to do so unless financial assistance from world and especially American Jewry were seriously curtailed or altogether withdrawn.

2. In the interval much has happened to add to the economic strain. Israel is no longer a novelty to attract transient sympathy and support. Mass immigration has continued almost at its previous level, though with a serious falling off in quality and its burden has become heavier instead of lighter. Austerity has been sharpened and become more strictly enforced. Defence makes ever heavier calls on the State's finances and the relief to be expected from peace settlements with Israel's neighbours seems as remote as ever. This year's contributions from American Jewry have fallen well below expectation. Finally, recent measures such as the requisitioning of dollar securities and the requirement that half the first five years rent of new telephone installations must be paid down in advance are indicative of the pressure on the national finances. It seemed to me, therefore, that the time had come for a more up-to-date study of Israel economy.

3. This I entrusted to my new commercial secretary who arrived just over two months ago and who had the advantages of bringing a fresh mind to bear and of securing access to more material data than were available to me last year. I now have the honour to transmit to you Mr. Wraight's resulting

memorandum, which I hope will be found of interest.

4. The memorandum covers the entire Israel economic field and in accordance with my direction Mr. Wraight has been at pains to restrict its length as much as possible. He emphasised the need for capital investment and sketches the important developments taking place in industry and agriculture, the fruits of which are only just beginning to appear. But, though much has been done, Mr. Wraight concludes—and all competent observers agree on this point—that still harder times lie ahead. Yet he considers that Israel will win through, mainly, he thinks, because of the character of the Jewish people. In fact, they cannot afford to fail, but I should not myself go so far as to endorse Mr. Wraight's implication that without outside help Israel would survive as a State even at the cost of hardship, weakness and difficulty.

5. This point is, however, academic, because I continue to believe that in the last resort world Jewry must see that Israel does survive. Rather unwisely perhaps, but true to their nature, the Israelis have used the launching of their latest fund-raising campaign in the United States stridently to proclaim that they expect nothing less. If that campaign should be a marked failure (at the best it can come nowhere near the target figure of \$1,000 million in three years but not even the Israelis expect that it will) a really serious situation would arise. The year 1951 seems more or less to be provided for—partly by the expected use of the major part of Israel's sterling reserves—but thereafter the prospects are much more doubtful, for even Israel's loans will have to be serviced if more are to be forthcoming and also because, in the absence of some fortuitous circumstance, each successive major appeal for help must evoke a less sympathetic response especially when they follow

one another with increasing frequency. Reported divisions in American Jewish opinion are a danger signal in this regard and merit the close attention which they receive here. But they are only one of the many unknown factors which bear on any assessment of Israel economy. The latter is full of shadows but it is also not entirely lacking in brighter spots of which Jewish single-mindedness of purpose is by no means the least important.

6. I am sending copies of this despatch to His Majesty's Representatives at Washington, Ankara, Cairo, Bagdad, Beirut, Damascus, Amman, Jedda and Jerusalem, and to the Board of Trade, His Majesty's Treasury, the Joint Intelligence Board, and to the British Middle East Office.

I have, &c.

A. K. HELM.

Enclosure in No. 41

The Economic Situation in Israel

Any attempt to assess the Israel economic situation is hampered by the lack of concrete data to build on. Few economic issues in Israel are clear cut; there are too many unknowns and variables. This may be inevitable in a country which has increased its population by 80 per cent. in thirty months, but the Government's policy of free immigration increases the difficulties.

2. The expected rate of immigration (plus natural increase) in future, of 200,000 annually at least until 1953 is in itself conditioned by possible changes of attitude of the Governments of the countries from which the immigrants may come towards allowing Jewish emigration, and to a lesser extent by the Jewish Agency's ability to obtain sufficient funds abroad to maintain this inflow. Again, Israel's dependence on foreign aid to balance its payments, and on foreign investment to help it to decrease its future reliance on that aid, means that the development of the Israel economy is in many respects beyond internal control.

3. Much has been made of the Four-Year Development Plan which was published last July but, though a useful guide, this is in fact little more than an exercise in theoretical economics and is being treated as such by the Government. The plan's targets of raising industrial output by two-thirds and of doubling agricultural production by 1953 may well be achieved, but it has apparently proved impossible so far to plan in much detail how this is to be done. A net capital import of at least £1.75 million

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a year for four years will, it is estimated, be needed, excluding Israel's foreign exchange needs for military supplies. Whether this sum is enough will depend on how far theoretical conditions accord with the facts. Evidence so far suggests that it may be too small.

4. Even allowing for rising prices, this rate of capital import will be exceeded in 1950. Up to September imports, visible and invisible, were running at the rate of £1.112 million per annum against exports of £1.17 million leaving a gap of £1.95 million (c.f. £1.78 million in 1949). The capital import which covered this gap included about £1.30 million of contributions from world Jewry, and £1.20 million of goods imported without foreign exchange. But a larger proportion than last year was met by drawing on foreign exchange reserves and by taking up loans.

5. While current foreign payments have been balanced, the rate of imports has, in fact, been insufficient for immediate development needs, causing frequent shortages of raw materials. Local production, though increasing steadily, has by no means caught up with the rate of immigration. At the end of September, the Jewish civilian working population was 395,000 or 55 per cent. larger than at the end of 1947, but as the total Jewish population was 1,150,000 and had increased by 80 per cent., the real value of output per head of products and local services was about 13 per cent. smaller. This is an improvement on last April, when output per head was 18 per cent. smaller.

6. Agricultural production has shown the biggest expansion; the large investments made in the last two years are bearing fruit. From May 1948 until August 1950, 208 agricultural settlements were established, and this year the value of production in the main branches of Jewish mixed farming rose by about 40 per cent. over 1949. This excludes citrus, where the rise was much less. As a result of increased production, together with rationing, food imports from January to August this year were only 1 per cent. more than during the same period in 1949, compared with a population increase of 20 per cent. A corresponding rise in output may be expected next year. To a great extent, however, increased production must come from new settlements of inexperienced immigrants and, although these are being provided with modern farm machinery, their initial output is likely to be below the average. This in turn may keep production

⁽¹⁾ No. 24 in Israel Volume for 1949.

costs at their present high level, with its adverse effects on the rest of the economy.

7. The view is still held in some Government circles that Israel can be made self-supporting in food-stuffs, but the proposed Agricultural Plan drawn up by the Ministry of Agriculture does not get very near this ideal. Its targets are near or full self-sufficiency by 1953 only in vegetables, pulses, fruit, milk and tobacco. Israel will still have to import one-third of its requirements in oil-seeds and eggs, half of its fish and feeding-stuffs, two-thirds of its meat, three-quarters of its sugar and almost 80 per cent. of its breadgrain. This will mean a foreign currency expenditure on agricultural machinery and supplies of £1.17 million a year or 50 per cent. more than could be spent in 1949.

8. Industrial production in 1950 rose by probably 30 per cent. over last year. Several large and many small new factories are now in operation, including plants for textiles, footwear, food-stuffs, clocks, plastics, hardware, electric bulbs and radios. An impressive list of others is nearing completion, the biggest of which is an assembly plant for Kaiser-Frazer cars and Mack lorries; and fertiliser, cement, tyre and rayon factories are planned. The growth of industry has, on the whole, been haphazard and available capital has not all been put to the best use. Through the Investment Centre more attention is now being paid to the encouragement of investments in production which can replace imports or increase exports.

9. The rate of general investment is now considerably higher than in 1949. It will probably exceed £1.105 million (net) this year, *i.e.*, about one-third of the national income, and only slightly less than the annual imports figure. Even this is by no means sufficient to keep pace with the rate of immigration and natural increase; net investment required is about £1.140 million a year, apart from what is needed to make up the backlog which existed at the beginning of 1950 when 80,000 people lived in camps and many of those outside were employed in temporary work.

10. The passing of the law to encourage capital investments has improved the investment atmosphere, though an important remaining obstacle to the inflow of foreign capital is the unreal exchange rate of the £1. (the free market rate of the £1. in Zürich is about \$1.15 compared with a par of \$2.80). By November the value of projects, mostly industrial, approved or recommended by the Investment Centre since it was set up in April, totalled £1.36 million,

of which half was foreign capital. Of foreign investments, one-third were American and part were South African, Dutch, Belgian, Italian and British.

11. The amount going into non-productive investment is now about 60 per cent., most of which is in building. Housing is still far behind needs and the lack of it is a serious obstacle to the absorption of immigrants. Less than 40,000 rooms (nearly all of them mere cubicles, and three persons to a room) were built last year, of which 60 per cent. were permanent dwellings, and probably not many more will be completed in 1950. Supplies of construction materials (for all purposes) have been increased by 50 per cent. over last year but acute shortages remain. Costs are high; a room in a town now costs £1.850 to build by a private contractor, and even a hut made partly of canvas costs £1.250. With the increase in inflationary pressure, rents have increased and, until controls were recently made more effective, private building competed successfully for building supplies at the expense of cheaper housing for immigrants. The Government are aiming at a rate of 80,000 rooms a year, but unless costs can be reduced the burden on current investment will almost certainly be too great.

12. The housing shortage, and the consequent long waiting time for immigrants in reception camps, has led to the establishment of *ma'abarot* or work camps near towns and settlements where immigrants have some chance of employment and at the same time, where possible, can build their own dwellings. Thus, 100,000 immigrants are stated to have been "absorbed" into the civilian population between June and September. Most of these were, in fact, transferred to *ma'abarot*.

13. Until permanent employment is found, *ma'abarot* inhabitants may be used for work on public works schemes which might otherwise have a low priority. Investment in public works last year was a quarter of that in housing and the public works plan now drawn up by the Ministry of Labour provides for an expenditure of £1.26.5 million in three years. Requirements in this direction are great but even allowing for the need to give work to new immigrants, it may be doubted whether all that the Government are attempting to do, *e.g.* in road widening and the construction of new public buildings, is really necessary.

14. The State's share in the development of the country is inevitably increasing; private capital is insufficient and has in the

main tended to avoid those enterprises such as immigrants' housing and some types of industry which, although they are badly needed, offer low returns or high risks. The Development Budget for 1950-51 is £1.65 million compared with £1.55 million last year. Owing mainly to shortage of foreign exchange needed to buy machinery and equipment, local expenditure last year on such items as labour and buildings had also to be cut; it fell short of the budget estimate by £1.20 million. Investment goods imports are much bigger this year so that the difference between the budgetary estimates and actual expenditure may not be as wide. But capital import still lags seriously behind needs and inflationary pressure is great.

15. Inflation is one of the biggest dangers the Government has to face. Public and private investment and Jewish Agency and Government expenditure, including defence, are taking 47 per cent. of the total goods and services available. Expenditure on defence alone is perhaps now £1.30 million. The reduction in personal consumption appears in some spheres to be reaching physical limits. Although taxation is still fairly low (in one year it has risen from 15 per cent. to 20 per cent. of the national income) rationing of food is now more drastic than it was at any time in the United Kingdom. Food stocks are small and delays in imports often leave rations unhonoured; for three successive weeks in November-December there was no meat issue in Tel Aviv. With the introduction of clothes rationing in July an inflationary mood spread, causing withdrawals from banks, increased spending on unrationed goods and a rise in the cost of living.

16. In these circumstances it is not surprising that there is little public willingness to save. Government loans last year drew off nearly 30 per cent. of surplus spending power. The response to the latest public loan issue has been slow and ways of creating better facilities for popular saving are being considered. Part of the trouble—lack of confidence in the currency—will be more difficult to overcome. The rising prices of unrationed goods, of "key-money" for flats, and the low value of the Israel pound on foreign markets, are unhealthy signs. Even so, public confidence is by no means as weak or liable to be shaken as, for example, it is in Greece.

17. The Government may show inexperience in the handling of many of its economic problems, and often proceed on the basis of trial and error. But its ability

to maintain a fair system of price control for essential goods is a stabilising and encouraging factor. Strong action against the black market appears much to have reduced its scope. The difficulties in dealing with the mixed population now being built up in Israel are not to be underrated and the administration, cautiously emulating British methods in many respects, is on the whole coping with the task surprisingly successfully.

18. The criticism, often levelled at the Government by the Right, that controls and restrictions are deadening initiative and scaring off foreign capital, can have little substance at the present stage of Israel's development. A simplification and speeding up of existing control procedures is undoubtedly needed, but doubts of the country's eventual viability have perhaps more influence on foreign investors.

19. The next three or four years will be crucial. Looked at in one way, the immediate future is dismal. Investment is insufficient; there is a heavy backlog in housing; lack of local raw materials restricts the scope for industrial development; the foreign trade gap is enormous; high wages and costs will make exports uncompetitive. There will be deeper austerity and a further drop in the standard of living; present plans for a State social security scheme may have to be cut. Any real improvement must be dependent on immigrants becoming more productive. But investment is rising and this year is better than was expected. As experience is gained, more can be done to cut unproductive and unnecessary expenditure, particularly in public works and in industry. The time of, at least partial, absorption of immigrants is being reduced through the *ma'abarot*. Though industrial development may be restricted, there are possibilities both in a wide variety of the small specialised enterprises such as artificial teeth, polished diamonds and instruments and in assembly plants on the lines of the Kaiser-Frazer project.

20. The trade gap is undoubtedly formidable and for the next few years imports will rise, although this trend may be reversed when the need for capital on its present scale declines. Part of the gap must always be filled by invisible exports. Tourism should expand when the improvements in tourist facilities now under way are completed. A bigger income may also come from shipping. Israel tonnage is now about 75,000 tons, compared with 6,000 at the beginning of the State and gross earnings in foreign currency this year are about £1.2 million. The

average wages bill for an Israel cargo ship is, however, double that for a British vessel and total operating costs are 20 per cent. more.

21. A quick rise in visible exports cannot be expected. Although foreign sales of manufactured goods in 1950, particularly finished textiles, artificial teeth and chocolate, increased remarkably over 1949, their total annual value is still less than £1.7 million. Exports from the Kaiser-Frazer assembly plant next year should add £1.3-4 million (gross) to this figure and total exports in 1951 may reach £1.20 million compared with about £1.13 million this year. In spite of the high prices of Israel manufactured products, openings for them have so far been found in countries unable to buy cheaper sterling or dollar goods because of payment difficulties. But as the export surplus rises there will be increased difficulty in selling this unless costs can be reduced; the more so since the best industrial exports for Israel, in view of the lack of natural resources, are those which have undergone the highest proportion of local processing. Assuming costs are lowered, manufactured exports may increase, at the present rate of industrial expansion, by roughly £1.4-5 million per annum. If the Potash Company's plant at Sdom can be reopened next year, annual exports of potash may in later years total £1.1 million, while the resumption of oil refining at Haifa on a full scale could add about £1.11 million (gross) to the balance sheet.

22. Citrus and its products must, it seems, be the main export standby for many years yet. But the area now under citrus (about 33,000 acres) is just under half what it was pre-war, while yields are little more than one-third. Of the 30,000 acres of groves abandoned by the Arabs only 9,000 can be revived. In many Jewish groves, the years of neglect will not be fully repaired for some time to come. It is planned to increase production towards the pre-war level; but the new groves now being planted will not be bearing fully for seven to ten years. Until then, the increase will be limited to improved yields from existing groves and a 20-25 per cent. rise may be expected by 1953. However, the strong subsidised competition which is being met this year in European markets has shown that at present production costs Israel fruits cannot compete without the help of a Government export premium. As yields return more to normal and mechanisation is increased, costs

may be lowered, but the main operations must still be done by hand and wages, even for unskilled Jewish labour, are far higher than was paid to the Arab labour which was used during the Mandate.

23. In both agriculture and industry productivity must show a big increase before the present high wage levels become economic. On a very rough average, productivity in industry is about 60 per cent. of United Kingdom standards, while wages are in many cases well above. Joint production committees have now been established in fifty factories, payment incentive schemes are being introduced and vocational training extended. Teams from the General Federation of Jewish Labour (Histadrut) have been sent to the United Kingdom, United States and Switzerland to study production methods there. In a few factories output has risen by 50 per cent. but in general progress is slow. Shortages of raw materials are partly to blame. Often, managerial efficiency must be greatly improved before increased labour output can be effective. Political rivalry between Mapai and Mapam sometimes impedes Histadrut's efforts. In any case Histadrut still seems to pay too much attention to improving the advantages it has already gained for established labour and to preventing new immigrants from under-cutting present wage rates. As a result they often find difficulty in getting work at all. It might be thought that, because of the wide range of agricultural and industrial enterprises which it itself controls, Histadrut would have strong reasons of its own for raising productivity; but most of these enterprises serve the home, sellers' market; few are producing for export. At the same time, the continuing influx of newcomers untrained or unsuited to manual work is a constant factor which tends to reduce the average level of output efficiency, while the maintenance of war conditions deprives the economy of the useful pool of skilled manpower in the armed forces. Increased productivity has, in any case, less relevance in transport and shipping, where wages are also high.

24. One alternative, a reduction in real income, is already being pursued. Government subsidies, the cost of which is found from higher taxation, are becoming increasingly necessary. But as the volume of output rises and the problem gets bigger, more drastic measures may be needed. A general reduction in wages may not be practicable, though sooner or later devaluation

must come and, if the seriousness of the situation is by then sufficiently apparent, this could provide an opportunity for the pegging of wages at present levels.

25. Whether Israel can ever be viable depends at present on too many unknowns. Given time and money, security, reduced immigration and a resumption of economic relations with the Arab neighbours, the long-term prospects seem reasonably favourable. Large-scale hydro-electric and irrigation works on the upper Jordan and the development of the Negev offer hopes which should not be dismissed too lightly. But these schemes will require big sums of capital which can hardly be forthcoming until Israel is proved to be a better economic proposition than she seems at present. Again, the prospect of Israel's becoming the natural broker and trading centre of the Near East is none the less possible for being often repeated. But reconciliation with the Arab States presupposes, at the least, compensation by Israel for the Arab refugees, and this too needs money.

26. The amount of foreign Jewish aid which Israel may expect over the next two or three years will depend largely on the success of the renewed appeal resulting from the recent "billion dollar" conference of American Jewry in Washington. Government officials are not optimistic on this score but, by dint of mortgaging future contributions to some extent, aid in 1951 should not be less than the £1.30 million obtained this year. While the prospects for greatly

increased foreign investments are not bright, the Government bond issue to be launched in the United States next spring should help to fill the gap. A further sterling release, and the realisation by the State of foreign securities held by Israel residents, will swell resources in 1951. More attention is being given to attracting loans and long-term credits. The rest of the United States Export-Import Bank \$100 million loan should be spent in 1951, but a further one from that source of \$35 million for agricultural development has now been obtained. Current credits from European countries, mostly for five years, include one for \$5.8 million (equivalent) from Swiss banks, \$26 million from France, \$6 million from Sweden and \$6 million from Belgium, and further possibilities in this direction are being pursued.

27. Though the time ahead will be difficult and bring numerous crises, there seems no doubt that Israel will manage. If resources are meagre, the will is strong and the people resilient. Improvement could be quicker if immigration was lessened but, in the absence of immediate catastrophe, the idea of the open door seems a political necessity and the main driving force behind World Jewry's aid to Israel. The smaller the help from outside the longer will be the period of hardship, weakness and difficulty. It might be dangerous if this period was too far prolonged.

J. R. WRIGHT.

15th December, 1950.

APPENDIX

BIOGRAPHICAL NOTES

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No. 42

LEADING PERSONALITIES IN ISRAEL

Sir K. Helm to Mr. Younger. (Received 7th July)

(No. 165. Confidential) *Tel Aviv,*
 Sir, *30th June, 1950.*

I have the honour to transmit herewith a first Report on Israel Personalities for the preparation of which I have been greatly indebted to Mr. D. Balfour, First Secretary.

I have, &c.

A. K. HELM.

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1. Agron (Agronsky), Gershon

Head of Information Services (1949).

Born 1893 at Mina (Russia). Studied in United States from 1916 and worked for local Jewish press. Joined Jewish Legion in 1918 and on demobilisation settled in Palestine. In 1920-21 head of the Zionist Organisation Press Bureau. Then returned to United States and was editor of the Jewish Telegraphic Agency in New York. Back in Palestine in 1924 he became correspondent for some English newspapers. In 1932 he founded *The Palestine Post* (now *Jerusalem Post*) of which he is still nominally editor though he lost financial control in 1948 and has been "on leave" ever since. In 1949 he became Director of Israel Information Services.

Mr. Agron is Israel's leading English-language journalist. He claims to be pro-British but is only really so on his own terms. Compared with most Israel journalists, however, he is anglophile, though of American rather than British mentality. In politics he is moderately Leftist. Had diplomatic ambitions and is disappointed that they have not been realised. Has probably lost influence.

2. Aharonovitz, Zalman

Secretary-General of Mapai and Deputy (1949).

Born at Yuzovka (Stalino) in South Russia in 1899. Attended the Agronomic Institute in Kharkov. Was a Zionist before the Russian Revolution and from 1920 was a member of the Central Committee of the underground Zionist Socialist Party. Came to Palestine in 1926. First a labourer, he later made a career in the Secretariat of Jewish labour organisations, finally becoming a secretary of the Workers' Council of Tel Aviv. He was a delegate to the World Zionist Congresses of 1933 and 1935 and is a member of the Zionist Organisation's Action Committee.

In 1935-36 Mr. Aharonovitz was in London studying trade union questions on behalf of the Histadrut. In the latter he has held the posts of Treasurer, Head of the Publicity Department and Director of the Workers' Training College. Originally associated with the Achdut Ha'avoda (Union of Labour) movement, Mr. Aharonovitz followed it when in 1927-30 it amalgamated with other groups to form the Mapai Party, but he remained faithful to Mapai when the Left-wing of the movement again broke away in 1944. In 1948 he became Mapai's first Secretary-General and a Deputy in 1949.

Mr. Aharonovitz used to be regarded principally as an educationalist, but he has now begun to specialise in foreign affairs. He is chairman of the Parliamentary Committee for Foreign Affairs and Security. In this capacity he has emerged as a clever parliamentary technician and clear thinker.

3. Altman, Dr. Arieh

Revisionist

Born in 1902 in Russia. Studied at the Universities of Odessa and New York, graduating in law, economics, sociology and political science. A follower of Jabotinsky, he came to Palestine in 1935 and engaged in journalism and politics. In 1936 he was elected Palestine president of the Revisionist Party and of the "New Zionist Organisation" corresponding to it. As such, he was on the executive committee of the Va'ad Leumi in 1939-40. Later (1945-47) he also became chairman of the World Executive of the Revisionists. In 1947 he entered the Zionist General Council and he is still a member of its Præsidium. In May 1948, he was a member of the Provisional Council of State. In September 1948, he unsuccessfully opposed the merger of the Revisionist and the new Freedom Party and walked out with the minority. He presented himself at the elections of January 1949 at the head of a separate list of ninety-one candidates, not one of whom was returned. He is now an adviser in the Prime Minister's Co-ordination and Economic Projects Office.

Dr. Altman's manner is that of a mild and rather muddled intellectual. There is a fanatical look in his eyes and he may be less ineffectual when not trying to talk English. But in any case he carries far less guns than the late Vladimir Jabotinsky, whose successor as head of the Revisionists he still claims to be. He has little chance of staging a political come-back.

4. Auster, Daniel, O.B.E.

Mayor of Jewish Jerusalem.

Born 1893 in Galicia. Studied law at Vienna University and was a Zionist in his student days. Came to Palestine in 1913 and taught in Haifa, till in 1916 he was called up for service in the Austrian Army. In 1918 he was attached to the Zionist Commission which then came to Palestine and started in private practice as an advocate. He was elected Municipal Councillor of Jerusalem in 1934, and became Deputy Mayor. Was out of office from 1945, but resumed his duties as Mayor after the relinquishment of the Mandate and remained in the city throughout the siege of 1948. He is a prominent member of the General Zionist Party, and represented it in the Provisional State Council of May, 1948. But at the 1949 elections he presented a separate list of candidates under the title "For Jerusalem" and failed to obtain a seat.

Mr. Auster, who also has business interests, speaks English and Arabic. For an Israeli he is balanced and by no means anti-British. Is regarded by the Left as rather an extreme representative of the well-to-do property-owning classes.

5. Bader, Dr. Yochanan

Heruth Deputy (1949).

Born in 1901 at Cracow. Studied law at Cracow University and was a leader of the Revisionists in

Galacia. Active in Palestine as journalist and economist since 1940. Associated with the Revisionist paper *Hamashkif* and became editor of *Heruth* on joining that party in 1948. Elected Deputy, 1949 and chairman of the Heruth-Revisionist World Executive, 1950.

Dr. Bader is the leading economic expert of his party. He is a poor speaker, having not yet mastered Hebrew. Despite this he is, unlike most Heruth members, generally respected and listened to in the Knesset as being a clear thinker and constructive critic. He is said to favour Beigin's leadership of the Heruth Party.

6. Barth, Dr. Aron

Banker.

Born in 1890 in Berlin. Educated at Berlin and Heidelberg Universities and at the Berlin Rabbinical Seminary. One of the leaders of the Mizrahi religious Zionist movement in Germany. Came to Palestine and entered the Anglo-Palestine Bank, of which he is now General Manager (Chairman). He is also on the Board of the Foundation Fund and of the Hebrew University. During the World War he was chairman of the Executive Committee for the Enlistment and Relief Fund and for the National War Loan.

Dr. Barth is strictly orthodox. It has been suggested that he is one of those people who keep their high religious principles in a watertight compartment so that they have no effect on day-to-day business morality. A strong dignified man. Prepared (outwardly, at least) to be helpful.

7. Beigin, Menahem

Leader of Heruth Party.

Born 1913 at Brest-Litovsk. Studied law at Warsaw University. At an early age joined the Revisionist Youth Movement, Betar. Appointed head of Betar in Czechoslovakia in 1936 and was head of its Polish section in 1939. After Soviet occupation of East Poland he was arrested and sent to Siberian concentration camps. Released under the Stalin-Sikorsky agreement, he joined the Polish Army with which he came to Palestine in 1942. He later left it and joined the anti-British underground movement, becoming leader of the terrorist "National Military Organisation" (Irgun Zvai Leumi). He emerged in public after May 1948, when he announced the transformation of the Irgun into a political party, the "Freedom Movement" (Heruth), under his leadership. In September 1948, he succeeded in incorporating the majority of the Revisionist Party into it. Elected Deputy 1949, his party is firmly opposed to the Government, which he refused to enter.

Mr. Beigin is a lean sinister-looking intellectual with vulture-like features and rimless glasses. His undoubted oratorical talent and keen intelligence are warped by bitter extremism. Hatred of the British is still one of his main preoccupations and he glories in his murderous past. He is at loggerheads with some of his party colleagues.

8. Ben Gurion, David

Prime Minister and Minister of Defence (1948).

Born 1886 at Plonsk (Poland). Is largely self-taught. At early age was active in Jewish Socialist movement and came to Palestine in 1906 where he was an agricultural worker. Helped to found first Jewish self-defence organisation (origin of Haganah) and in 1910 established Hebrew newspaper. 1913-14 studied law at Istanbul University. Expelled to Egypt whence he went to United States starting a Yiddish newspaper and worked on preparing pioneers for Palestine. In 1917-18 served with Jewish Legion in Palestine and helped to found Union of Labour. Elected to Zionist Executive in 1919. Returning to Palestine from London in 1921 he played leading part in founding of Histadrut (General Federation of

Jewish Labour) of which he was General Secretary till 1933. During this period he was prominent in all activities of Palestine Labour Movement and travelled widely, at the same time building up contacts with Jewish workers in the Diaspora. Visited Moscow in 1924. From 1930 he was leading figure in Jewish Labour Movement and after 1935 most influential politician in Jewish community. He then became Chairman of Jewish Agency Executive retaining this post with brief interval in 1943-46 till 1948. Also in 1935 he became member of Executive of World Zionist Organisation. He tried unsuccessfully to bring about agreement between Histadrut and Revisionists. In spite of bitter opposition to White Paper of 1939 he threw himself wholeheartedly into war effort and recruitment of Jews, though latterly his motives were probably more political than otherwise.

With end of war Mr. Ben Gurion came out openly for a Jewish State, and in 1946 was interned for a time for connivance at terrorism. When Mandate ended he was already the appointed leader of shadow Government, and set up provisional Council of State and provisional Government. At the same time he took the Defence portfolio. His personal energy and initiative were an important factor in Israel's victory over the Arabs and he emerged from local war as a national hero. With other Ministers he was, however, obliged to resign from the Jewish Agency Executive. At the January 1949 elections his party, Mapai, emerged the strongest and he formed a coalition Government with the support of the religious *bloc*, Progressives and Sephardim. Since then he has endeavoured periodically to broaden his Government, but so far without success.

Mr. Ben Gurion is a man of great energy and versatility. Short and thickset, with bushy white hair and a pugnacious chin, he impresses. He is, however, showing signs of dictatorial tendencies and his popularity is perhaps less than it was. His health also is none too good and he is little seen socially. He is a voracious reader, with a predilection for Plato, and speaks several languages, including English.

9. Ben-Tov, Mordechai

Mapam Deputy (1949).

Born in 1900 at Grodzisk near Warsaw. Attended the Politechnion and University of Warsaw and Law Classes, Jerusalem. A founder of the Hashomer Hatsair movement. Delegate to various Zionist congresses and member of the Zionist Executive (1935). Member of the Agricultural Committee (1938). Delegate to the Round Table Conference, London (1939). Member of the Histadrut Executive Committee (1942). Member of the Provisional Council of State and Minister of Labour and Reconstruction in the Provisional Government (1948). Deputy (1949).

Mr. Ben-Tov is essentially a man of Hashomer Hatsair. He is a member and resident of Mishmar Haemek, one of its leading communal settlements. For years he was editor of *Al Hamishmar*, organ of the movement.

10. Ben-Zvi, Yitzhak, M.B.E.

Mapai Deputy (1949).

Born 1884 at Poltava. Studied at Kiev University and was an active promoter of Socialist Zionism in Russia, Germany and Switzerland. Settled in Palestine in 1907. Studied law at Istanbul University (1913-14), was expelled from Palestine (1915), went to the United States, worked on preparing pioneers for Palestine, helped to recruit the Jewish Legion and served in it (1918-20). One of the founders of the Va'ad Leumi (General Council of the Jewish Community); from 1920 onwards member of its Præsidium and its president from 1931 to 1948. Twice appointed to the High Commissioner's Council, but resigned; in both cases on the immigration issue.

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Has been delegate at Zionist Congresses and a member of the Zionist General Council. A founder of the Histadrut and of Mapai. Member of the Provisional Council of State (1948) and of the Knesset (1949). Orientalist: author of many publications, especially on archaeological subjects. Chairman of the Institute for Research on Jewish Middle East Communities.

Mr. Ben-Zvi is the "grand old man" of Mapai; somewhat on the shelf to-day for old age, but still influential. He has the reputation of a disinterested scholar and idealist, and lives in a little wooden hut among the mansions of Rehavia.

11. Bernstein, Dr. Perets (Friedrich)

Leader of General Zionist Party (1943).

Born in 1890 at Meiningen (Germany). Studied at Meiningen University and Eisenach. Was in business in Germany and Holland, 1907-35. On the Executive of the Zionist Organisation of Holland from 1924 and its president in 1930-34. Came to Palestine in 1935. In 1937 he entered the Executive of the General Zionist Party and founded its paper *Haboker*, which he edited till 1946. President of the party since 1943; unanimously re-elected in November 1949. He entered the Executive Committee of the Jewish Agency in 1946 and in 1947 became head of its trade and industry department. In 1948 he became member of the Provisional Council of State and entered the Provisional Government as Minister of Trade, Industry and Supply, with responsibility for war-time controls. He later resigned from the Jewish Agency Executive. Elected Deputy, 1949, he declined to serve in the present Government.

Dr. Bernstein is regarded with the respect due to a senior statesman. A rather massive person, he speaks quietly and without rhetorical effects, but his authority (particularly on economic questions) is such that Government supporters devote much time to refuting him. It is generally agreed that the portfolio of Trade and Industry, temporarily held by the Minister of Finance, is his whenever he cares to join the Government.

12. Biran (Bergman), Avraham

District Commissioner Jerusalem (1948).

Born in 1909 at Petach Tikvah. Educated at Reali Intermediary School, Haifa, and Teacher's Seminary, Jerusalem. Graduated at John Hopkins University, Baltimore (M.A., Ph.D.).

From 1928 onwards worked as teacher in Haifa and Baltimore. Later held a fellowship at the American School of Oriental Research, Jerusalem, specialising in archaeology. Has participated in archaeological expeditions in Palestine, Syria, Transjordan and Iraq. In 1937 he entered the Palestine Government service as Cadet District Officer, Nazareth. Served in northern area throughout the war, finally, becoming District Officer for Afulah, Galilee and Acre. In 1946 he became District Officer in Jerusalem and at the end of the Mandate he entered the service of Israel as assistant Military Governor of the City. When military government ceased he became District Commissioner (or "Government Representative") for Jerusalem.

13. Brodetsky, Dr. Selig

President of the Hebrew University (1949).

Born in 1888 at Olviopol (Ukraine). Came to England at an early age. Studied mathematics at Cambridge (M.A.), London (B.Sc.), and Leipzig (Ph.D.). Lecturer at Bristol University (1914-19) and from 1920 onwards at Leeds University, becoming Professor of Applied Mathematics in 1924. Long associated with the Hebrew University, he was deputy chairman and then chairman of its Board of Governors. He resigned from positions in the United Kingdom and assumed the key functions of president

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of the University and chairman of its Executive Council in October, 1949, in virtue of decisions taken in May 1949, after the resignation of Dr. Weizmann.

Professor Brodetsky is a Zionist of some standing as well as a mathematician and author. He has played a leading rôle in the English Zionist Federation and has been a member of the Executive of the World Zionist Federation and of the Jewish Agency, president of the Board of Deputies of British Jews (1939-49), chairman of its Foreign Affairs Committee and president of the World Maccabi Union. During the World War he did valuable research work for the Air Ministry. He is a vigorous though somewhat blatant personality. If ever faced with a choice of loyalty to Britain or to Israel, he would probably prefer the latter.

14. Chazan, Ya'akov Arie

Mapam Deputy (1949).

Born in 1899 in Brest-Litovsk. Attended a technical college. One of the founders of the Hashomer Hatsair movement in Poland and of its world organisation. Came to Palestine in 1923 and helped to found the Kibbutz at Mishmar Ha'emek, and is still a resident member of it. Is on the Secretariat of the Hashomer Hatsair Federation (Kibbutz Ha'arzi) and has been abroad on missions on its behalf. Member of the Zionist General Council and delegate to Zionist Congresses since 1928. Member of the Histadrut Executive Committee. Member of the Board of Directors of the Jewish National Fund. Deputy 1949.

Mr. Chazan is one of the most active Mapam leaders. He is given to immoderate statements and in a speech early in 1949 described Soviet Russia as his "second homeland." He is opposed to coalition with Mapai except on Mapam's own terms.

15. Cohen, Haim (Herman Cohn)

Attorney-General (1950).

Born in 1911 at Lübeck (Germany). Studied at Universities of Munich, Hamburg and Frankfurt. Came to Palestine in 1933 and studied at the Hebrew University and Rabbinical College, Jerusalem, in private legal practice 1937-48. In 1948 he became secretary of the Jewish Agency's Legal Council and was engaged in legal work in preparation for independence. In June 1948, he entered the civil service as State Attorney and Director of the Department of Prosecution in the Ministry of Justice; he later became Director-General of the Ministry as well. Appointed Attorney-General, February 1950.

16. Comay, Michael Saul

Diplomat.

Born in 1908 at Capetown. Educated in South Africa (B.A., LL.B.) and practised at the South African bar till 1940. Served with South African Forces, 1940-46, in the Western Desert and in Britain, in Military Intelligence (Captain) and Army Education (Major); twice mentioned in despatches. After the war he came to Palestine as special representative of the South African Zionist Federation and entered the service of the Jewish Agency Political Department. Was attached to the Jewish delegation to the United Nations, 1947-48, and since May 1948, has been Director of the British Commonwealth Division in the Ministry for Foreign Affairs.

Mr. Comay is highly intelligent and able. He talks well and is outwardly friendly. Perhaps better to tell him too little rather than too much. Both he and his wife (who has little real love for the British) seem less able than most to take even the slightest criticism of anything appertaining to Israel. Their two children, unlike their parents, have not renounced British (South African) nationality.

17. Dan Hillel

Managing Director, Solel Boneh.

Born in 1900 at Vilna. Veteran Commander of the Haganah. Has held a series of increasingly important administrative posts in the Histadrut and is now a member of its Executive. He helped to relaunch Solel Boneh after its 1922 bankruptcy and make it a success, and since 1935 he has been responsible for policy in all Histadrut industrial enterprises.

Mr. Dan is a dictatorial character, who inspires respect but also fear in his subordinates. Said to be ruthless but a man of this word. Hates paper work but has remarkable memory for salient facts and figures. Speaks no English.

18. Dayan, Aloof (Brigadier) Moshe

Military Officer.

Born 1916 Degania (Galilee). Brought up at the co-operative settlement of Nahalal. Early associated with the Haganah and was a volunteer in Wingate's "night squads." Sentenced to ten years' imprisonment in 1939 for illegally engaging in secret military training, he was released in 1941 to join a scout unit formed to assist the British Army in Syria against the Vichy French. He lost his left eye in the fighting and now wears an eyeshield. In 1948-49 he commanded a Palmach Brigade and later was Military Commander of the Jerusalem area. He then headed the military section of the Israel mission at the armistice negotiations in Rhodes. On his return, was appointed chief Israel delegate to the four Mixed Armistice Commissions. Relinquished this appointment in November, 1949, becoming Regional Commander of the Southern Area with promotion to rank of aloof.

Brigadier Dayan, one of Israel's most successful young officers, has shown skill not only in operations but also as a negotiator. Son of a Mapai deputy, he could himself, but for his present pursuit of a military career, now be a member of the Knesset; he was the tenth candidate on the Mapai list for the elections of 1949, but did not take a seat.

19. Dori (Dostrovsky), Rav-Aloof Ya'akov

Former Chief of Staff.

Born 1899 at Odessa. In Palestine since 1906. Studied at Reali School, Haifa. Served in the Jewish Legion 1918-21, becoming sergeant-major. Studied at University of Ghent, Belgium, 1922-26, graduating as civil engineer. 1926-29, served in technical department of Palestine Zionist Executive. Associated from the start with the Haganah, from 1929 onwards he was entirely engaged in its service, becoming head of its training department, and, from 1939, its Chief of Staff. In 1945-47 spent eighteen months in the United States. Emerged into the open as Haganah leader in May, 1948, and directed military operations throughout the Arab war. In November, 1949, he relinquished the post of Chief of Staff and went abroad on sick leave. On his return he was seconded to the Prime Minister's office (May, 1950) to act as Head of its Science Division, representing the Prime Minister in relations with various scientific bodies.

Rav-Aloof (Major-General) Dori is a man of broad culture and a good linguist who has spent much time in studying military literature and arranging for the production of military text books in Hebrew. A small bespectacled man, he looks more like a professor than a military commander, but he had experience of fighting in the Arab disturbances of 1921, 1929 and 1936-39. He has the reputation of being politically impartial, very hard working and personally modest. The reason given for his retirement was weak health, and he undoubtedly suffers from an ulcerated stomach. But there were other reasons, among them his attachment to Haganah

tradition and unadaptability to the needs of a modern army and his reluctance to weed out officers associated with Mapam.

20. Efer, Mr. Yaakov

Co-operative Manager.

Born in 1895 at Kishinev (Bessarabia). In Palestine since 1913. Manager of the Labour weekly *Hapoel Hatsair*, 1913-15. Starting as member of Degania communal settlement (1915-18), he made a career in the secretariat of the Agricultural Workers' Union and other labour associations, and became secretary of the Histadrut Executive Committee and manager of the Workers' Sick Fund (Kupat Holim). Since 1931 he has been Chairman of the Union of Co-operative Consumers' Societies. Edited the fortnightly bulletin *Co-operative Economics*. In 1934 he represented Mapai at the International Co-operative Alliance congress in Manchester. Has also been a labour delegate at several Zionist Congresses. He is now Managing Director of Hamashbir Hamerkazi (the Histadrut's wholesale purchasing co-operative), a Director of the Workers' Bank, and member of the Histadrut Executive Committee.

Manager of one of the most powerful economic concerns in the country, Mr. Efer is an influential supporter of Mapai, on whose list of candidates his name appeared (as a matter of form) at the 1949 elections. He speaks English and has had long and friendly relations with the management of the Co-operative Wholesale Society in the United Kingdom. A pleasant man of quiet demeanour.

21. Elath (Epstein), Eliahu

Minister, London (1950).

Born in 1903 at Snovsk (Ukraine), son of a timber merchant. Graduated at a non-Jewish school and began studying medicine at Kiev but was imprisoned in 1922 for participation in a secret congress of the Zionist Youth Movement. In 1923, after a short period of underground Zionist activity in Moscow, he made his way to Danzig to participate in a world conference of Hechaluts (pioneers). Remained in the Baltic for a year, organising illegal emigration from Russia via Latvia to Palestine, where he settled himself in 1925. Worked as agricultural labourer (secretary of the Rehovoth Labour Council) and construction labourer in Transjordan. Arabic studies at universities of Jerusalem and Beirut (1928-31). Fought as a Haganah commander during the Arab disturbances of 1929. Sociologist and orientalist; author of books on the Beduin (among whom he lived for many months), the people of Transjordan and the Lebanon. 1931-34, Reuter's representative, Beirut. 1934-45 Head of the Middle and Near East Division of the Jewish Agency. Travelled extensively in the area, including Persia and Turkey. From 1945 onwards the Agency employed him on various political missions in the United States, including the San Francisco conference. On the declaration of independence he became Israel diplomatic representative in Washington, his status being raised in February, 1949, to that of Ambassador. Transferred to London as Minister in June, 1950.

22. Eliashar, Eliahu

Sephardi Deputy (1949).

Born in 1899 at Jerusalem of an old established family of local landowners. Served in the Turkish Army 1915-18. Attended the French University in Beirut and the Jerusalem Law Classes and in 1922 entered the Palestine Government service. Was in charge of the Trade Section and Official Receiver of Companies and Bankruptcies; edited the Official Census of Industries Report (1927-29) and the Government Commercial Bulletin. Left the service in 1934 and has since been engaged in business. Is a Director of several important commercial and financial com-

panies and has been Managing Director of the Jerusalem Development Company and of Buildco, Ltd.

Mr. Eliashar appeared before the Peel Commission in 1936. He was on the Board of the Jerusalem Jewish Council and in 1946-47 was President of the Rotary Club. Always active among the orientals, he is now President of the Sephardic Community in Jerusalem. Elected member of the Knesset in 1949, he has tended to open criticism of the Government, although his party is in it. Among the Sephardim he represents the wealthy Right-wing element. He was the first politician openly to propose in the Knesset (May, 1950) that Israel should abandon neutrality and adopt a Western orientation.

23. Eshkol (Shkolnik), Levi

Jewish Agency Treasurer (1949).

Born in 1895 in Kiev province (Ukraine). Received a high school education at Vilna and came to Palestine in 1914. During the first world war he served in the Jewish Legion. He then participated in the foundation (1920) of two communal settlements (Degania "B" and Kiryath Anavim, both of the Hever Hakvutsoth) and the smallholders' settlement of Ataroth (1922). Always associated with agricultural enterprise and author of numerous articles on colonisation, in 1935 he became a Director of "Nir," the Histadrut agricultural credit institution, and a member of the Histadrut's Central Agricultural Council. Founder and manager of the "Mekorot" water company (1937). Now also a Director of the Workers' Bank and of the public works and housing corporations "Bizur" and "Amidar."

In 1948 Mr. Eshkol served for a time as one of the three "Assistants to the Minister of Defence" in the Provisional Government. A member of the Zionist General Council, and for some years associated with the Jewish Agency, he then became Director of the Agency's Agricultural Settlement Department. In October, 1949, he was appointed acting treasurer of the Agency and was confirmed in that post by the Executive Plenary in January, 1950. In politics he is closely associated with Mapai.

24. Even, Aba (Eban, Aubrey Solomon)

Head of Israel Delegation to United Nations (1948) and Ambassador, Washington (1950).

Born in 1915 at Capetown of a Lithuanian Jewish family. Brought up in England and educated at Cambridge (1934-39). Associated with the Zionist Movement from boyhood. Representative at the World Zionist Congress, Geneva, 1939. Commissioned in the British Forces, 1939, and sent to the Middle East as Chief Arab Censor at G.H.Q., Cairo, 1940. In 1942 he was appointed liaison officer with the Jewish Agency for special operations in the event of German occupation of Palestine. 1943, appointed Chief Instructor, Middle East Arab Centre, Jerusalem. 1946, head of the Jewish Agency's Information Department, London. Participated in the World Zionist Congress, Basle, 1946. Jewish Agency liaison officer with the United Nations Special Commission on Palestine, 1947. Went with the latter to New York, where he remained, assuming leadership of the Israel Delegation to the United Nations in July, 1948. In May, 1950, he was appointed to succeed Mr. Elath as Ambassador in Washington, at the same time remaining Permanent Representative at the United Nations.

Mr. Even (hardly known, even in Israel, by any name but his original one of Eban) is highly intelligent. Jovial in private intercourse, he is a very sharp controversialist in his official capacity and has been an able Israel spokesman at the United Nations. He is in the inner councils of the Government on all foreign matters of importance and seems destined to go far.

25. Eytan (Ettinghausen), Walter George

Director-General of Foreign Ministry (1949).

Born in 1910 at Munich. Went to England as a boy. Naturalised British subject, 1926. Educated at St. Paul's School, London, and Queen's College, Oxford. Was lecturer on German philology at the latter, 1936-46. Joined the Royal Armoured Corps 1939. Transferred in 1940 to Naval Intelligence in which he served till the end of hostilities. 1946, settled in Palestine and till 1948 directed the Jewish Agency's Public Services College. May, 1948, appointed Director-General (Permanent Under-Secretary) of the Ministry for Foreign Affairs. Headed the Israel delegation to the armistice negotiations at Rhodes, 1948-49.

Mr. Eytan is a highly intelligent and cultured person with moderate views. He has the reputation of being a good organiser. He has perhaps less influence over foreign policy than his position would appear to warrant.

26. Galili, Israel

Mapai Deputy (1949).

Born in 1907 in Jaffa and received a secondary education in Palestine. Active in the Haganah from early youth, he was second-in-command of its underground forces and acted as its Commander-in-Chief during the first months of the Arab war in 1948. For a time he served as one of three "Assistants to the Minister of Defence" in the Provisional Government, but quarrelled with Mr. Ben Gurion over the spirit and organisation of the Army and the rôle of Palmach in it, and was dropped. He has pursued the argument ever since, particularly as deputy (1949) and principal spokesman of Mapam on military matters. Though bitter about the Army Mr. Galili has shown himself conciliatory on other questions debated by Mapam and Mapai. In the winter of 1949-50 he was active in the negotiations between the two parties and led the Mapam minority group which wished to continue them.

Mr. Galili is a resident member of the mixed Kibbutz at Na'an, which he helped to found (1930), and Chairman of the Regional Council in which it is comprised. He is not a member of Hashomer Hatsair and is said to object to the latter's pro-Soviet tendencies. He is a forceful speaker but lacks education.

27. Granoth (Granovsky), Dr. Abraham

Progressive Deputy (1949).

Born in 1890 at Falesti (Bessarabia). Studied law and economics at Universities of Freiburg and Lausanne (Doctor of Law). Joined the staff of the Jewish National Fund in Holland, 1919; appointed its managing director, 1925; elected member (1934) and Chairman (1945) of its Board of Directors. In Palestine since 1922. Author of several books on Palestine land problems. Director or chairman of various development, settlement and water companies. Member of the Executive Council of the Hebrew University and president of two important cultural foundations.

In the Provisional Council of State (1948-49) Mr. Granoth was one of the six representatives of the General Zionists, but he left them at the foundation of the Progressive Party, of which he was elected Deputy (1949). He is not very active in the Knesset. He was at one time Chairman of the Finance Committee, but withdrew and devotes himself mainly to the National Fund, of which he is now managing director.

28. Gruenbaum, Dr. Heinz

Investment Centre Director.

Born in 1905 in Prussia. Educated in Berlin where he was later employed by the Ministry of Economics as an economist and statistician. Came to Palestine

in 1934. Managing director of the Palestine Electric Wire Company of Haifa, a concern in which British and Israel interests participate jointly. In 1948 he also became director of the Legal Section of the Ministry of Trade and Industry, and in 1949 Director-General of the Ministry. At the end of 1949 he relinquished this post for the key position of Director of the Investment Centre set up to encourage foreign investment.

Dr. Gruenbaum is an intelligent and humorous person, who speaks good English. Able.

29. Gruenbaum, Yitzhak

Politician.

Born in 1879 in Poland. Studied law at Warsaw University. Started public life as a journalist and has published a number of books on political subjects. Entered the Polish Sejm in 1919 and became leader of the Zionist faction and President of the National Council of the Jews of Poland. In 1933 he came to Palestine and entered the service of the Jewish Agency, becoming member of the Executive, head of the Labour Department and later of the Absorption Department, and a director of "Bizur." In August, 1949, he became Jewish Agency Treasurer but resigned after two months, having quarrelled with the Government.

In May, 1948, Mr. Gruenbaum, who had long been leader of the so-called "A" group (middle-class) of General Zionists, entered the Provisional Council of State as a General Zionist representative and the Provisional Government as Minister of the Interior. Later he tried to found a "Radical Party" of his own, quarrelled with both General Zionists and Progressives, presented himself with three friends on a separate list at the elections of 1949 and failed to secure a seat. His prestige had suffered seriously through his having secured the release of his son, a Communist condemned to death in France for betraying Jews to the Germans while in a concentration camp in Germany. Isolated and discredited, he tried in March, 1950, to reassert himself by joining the Soviet-sponsored "Peace Movement."

30. Hacohen, David

Mapai Deputy (1949).

Born in 1898 at Homel (White Russia). His father, a distinguished Hebrew writer and founder of co-operative financial institutions, brought him to Palestine as a boy (1907). Educated at Herzliya Gymnasias in Tel Aviv and the military school, Istanbul. Served as a Turkish Army officer in the First World War. Studied at the London School of Economics. A founder of Solal Boneh (1924) and now managing director of it and various other associated companies of the Histadrut and Chairman of the Zim Shipping Company. Municipal Councillor, Haifa, since 1927 and now Deputy Mayor (1948). Has been member of the Jewish Elected Assembly and the Histadrut General Council. During the Second World War he collaborated with the Ministry of Economic Welfare in organising pro-allied broadcasts to Syria and supplied Solal Boneh personnel for work with the British Forces outside Palestine. An important member of the Haganah and believed responsible for its sapper work, in 1946 he was among the Zionist leaders detained at Latrun. Elected Deputy (Mapai) in 1949.

Mr. Hacohen is an energetic and forceful man and the dominant personality in Haifa, where he spends most of his time. A very successful business manager, he behaves more like a typical company director than a trade unionist. His wife (née Bracha Habas, which is still her *nom de plume*) is a prominent journalist and Mapai intellectual.

31. Hartzfeld, Avraham

Mapai Deputy (1949).

Born in 1888 at Stavitz (Ukraine). Religious education. Sentenced to life imprisonment in Siberia as a revolutionary, he escaped to Palestine in 1914. Director of various Histadrut companies and economic enterprises and a member of the Histadrut Executive Committee, the Zionist General Council and the Directorate of the Jewish National Fund. He was on the Administrative Committee of the Jewish Agency and has undertaken a number of missions abroad on behalf of the Zionist Organisation. A promoter of many new agricultural settlements, he has for several years occupied the key position of Head of the Agricultural Centre affiliated to the Histadrut. High up on the list of Mapai candidates and elected Deputy in 1949, but is not active in the Knesset.

32. Heftman, Joseph Chaim

Journalist.

Born in 1888 at Briansk (Russia). Religious education. Worked as editor and member of editorial board of various Hebrew and Yiddish papers abroad. Was on the Executive Council of Jews of Poland. In Palestine since 1934. Editor of the Hebrew daily newspaper *Haboker* (General Zionist) and President of the Jewish Journalists' Association in Israel. Member of the Zionist General Council. A prolific writer.

Mr. Heftman is a charming friendly person with courteous old-fashioned manners. But he is old for his years and situations are apt to escape from his control.

33. Herzog, Isaac

Chief Rabbi (1936).

Born at Lomza (Poland) in 1888. Educated at Leeds University (M.A.), and is a D.Litt. of London University. Also studied at the Sorbonne and Ecole des Langues Orientales, Paris. Became a Rabbi in 1910. Was Rabbi of Belfast (1916) and Chief Rabbi of the Irish Free State (1925). Chief Rabbi of the Ashkenazic Community in Palestine since 1936, resident in Jerusalem. Member of various learned societies and author of numerous books and studies.

A venerable-looking figure in a top hat, Dr. Herzog appears on all national occasions among the leaders of Israel. He is not much consulted by them but wields considerable indirect influence through the religious party in the Knesset. He speaks good English and has the reputation of being sincerely anglophile. A man of great learning and considerable acumen.

34. Hoofien, Eliezer Siegfried, M.B.E.

Economist.

Born in 1881 at Utrecht (Holland). Attended Amsterdam Commercial College and entered a private banking firm at Amsterdam (1899). Public Accountant, Amsterdam (1903-09). Director of the Zionist Central Office, Cologne (1909-12). Came to Palestine in 1912 and entered the Anglo-Palestine Bank: Assistant General Manager (1912), Joint General Manager (1919), General Manager (1924-47), Chairman of the Board of Directors since 1947. Honorary President of the Tel Aviv-Jaffa Chamber of Commerce. Chairman and Managing Director of the General Mortgage Bank and Chairman of the Mortgage Bank. In 1948 he was appointed Economic Co-ordinator attached to the Prime Minister's Office.

He is a strong personality, influential with the Finance Minister.

35. Horowitz, David

Economist.

Born 1899 at Drohobycz (Galicia). Educated at Lwow and Vienna. Came to Palestine in 1919. Took part in land reclamation, Nahalal (1921). Member,

Histadrut Council (1920) and Executive Council (1923). Author of books on economic and political subjects. Economic adviser to the American Economic Committee for Palestine (1932-35). Economic Adviser to the Treasury of the Jewish Agency, Director of its Economic Department and Co-Director of its Economic Research Institute (1935-48). Lecturer at the High School for Law and Economics, Tel Aviv. Was member of various Government committees of the mandatory régime, including the Standing Committee for Commerce and Industry and the Textile Advisory Board. Appeared as economic expert before the Royal Commission of 1937, the Anglo-American Commission of 1946 and the United Nations Commission of 1947. Was attached to the latter as liaison officer and followed it to Lake Success as member of the Jewish Delegation. Director-General of the Ministry of Finance since May, 1948. Also "Economic Adviser to the Government" since May, 1950. A Director of Histadrut workers' housing companies and other enterprises.

Mr. Horowitz is a man of unusual energy and intelligence and dominates the Ministry of Finance. He has all the strings of financial and economic policy in his hands. Has shown himself a most able and skilful negotiator, and played the leading Israel part in the conclusion of the Anglo-Israel financial agreement of March, 1950, concerning the liquidation of the Mandate.

36. Jarjura, Amin Salim

Arab Deputy (1949).

Born 1894. Attended the Jerusalem law classes and practised as an advocate in Nazareth. Elected one of two deputies on the "Democratic List of Nazareth" associated with Mapai, he has stood up in the Knesset for Arab rights with occasional success.

37. Joseph, Dov Bernhard

Minister of Supply and Rationing, and of Agriculture (1949).

Born in 1899 at Montreal. Studied law at London and McGill Universities (Ph.D., LL.B.). Was President of the "Young Judea" organisation in Canada. Came to Palestine in 1921. Was in private legal practice in Jerusalem and for several years served as legal adviser and Deputy Head of the Political Department of the Jewish Agency, for which he went on special missions to the United States, United Kingdom, Canada and South Africa. Member of its Executive, 1945-48. One of the Jewish leaders detained at Latrun in 1946. Originally a Revisionist, he joined Mapai in 1933. In 1948 he became Military Governor of Jewish Jerusalem and successfully organised essential supplies during the siege. Elected Mapai Deputy, 1949, and appointed Minister of Supply and Rationing, he has succeeded, despite much public grumbling, in applying an "austerity" programme of rationing and price control which has done much to stem inflation. He has also been "temporarily" Minister of Agriculture.

Though exteriorly rather mild and unimpressive Dr. Joseph is endowed with considerable courage and intelligence. By family connexions and personal inclination he is anglophile.

38. Kaplan, Eliezer

Minister of Finance (1948).

Born in 1891 at Minsk (White Russia), son of a merchant. Attended a secondary school in Poland and the Technical College in Moscow (civil engineer's diploma, 1917). A founder and leader of the Zionist Youth Movement in Russia, in 1918 he was sent to Paris as a Ukrainian representative in the Jewish Delegation to the peace conference, and also participated in Zionist conventions in Paris and London.

Remaining in Western Europe, he took a leading part in organising (1920) the world centre of the Hitachdut Party (a merger of his Zionist Youth group with Hapoel Hatsair). As its representative he attended the Zionist Convention in London, 1920, and was elected to the Zionist Executive: repeatedly re-elected since then. Came to Palestine in 1920 and was sent to Berlin by the Histadrut as director of its World Office (1920-22). While in Germany worked as an apprentice in various factories. Returned to Palestine in 1923, and entered the Directorate of the Histadrut's Public Works Bureau (Solel Boneh) and the technical department of the Tel Aviv municipality. Municipal Councillor, Tel Aviv, 1925-33. Member of the Va'ad Leumi from 1926 onwards. Served in various administrative capacities with the Histadrut and was a secretary of the Executive, 1929-33. Participated in all Zionist Congresses since 1920. Member of the Jewish Agency Executive since its enlargement in 1929.

On the foundation of Mapai, with which the Hitachdut party merged in 1931, Mr. Kaplan became a leading figure in the Mapai Executive. From 1933 to 1948 he was head of the Jewish Agency's Financial and Administrative Department. As such, he represented the Executive on the Directorates of numerous economic enterprises. In May, 1948, he became member of the Provisional Council of State and Minister of Finance in the Provisional Government of Israel. Elected a Mapai Deputy in 1949 he continued as Minister of Finance, also assuming the portfolio of Commerce and Industry.

Mr. Kaplan deputises for the Prime Minister and might get the succession. A man of great ability, but with failing health, he is probably rather more conservative than most of his colleagues and inclines to compromise. Is genuinely pro-British in sympathy.

39. Kook, Hillel (Alias "Peter Bergson")

Herut Deputy (1949).
Born in 1911 in Palestine, of a distinguished rabbinical family (his uncle was Chief Rabbi of Palestine; his father, Head of the Fischel Institute for Talmudic Studies; his brother is Chief Rabbi of Tiberias). Graduate of the Hebrew University, Jerusalem. Joined the Haganah in 1930 and served in it during the 1936 disturbances. Spent most of his adult life in the United States. Founder and Chairman of the American Hebrew Committee for National Liberation and the American League for a Free Israel, which openly supported the terrorist and other activities of the Irgun Zvai Leumi. In 1948 he was detained for a time by the Israel police in connexion with the Altalena incident. Elected Herut Deputy, 1949.

Mr. Kook looks more like a Russian intellectual than a terrorist. Within Herut he heads the opposition to Beigin's leadership. One reason for this is his strongly pro-American international orientation, which he wishes the party to adopt. In 1949, speaking in New York, he openly denounced the "treacherous manoeuvres" of Soviet Russia.

40. Levin, Rabbi Yitzhak Meir

Minister of Social Welfare (1948).
Born 1894 at Gur (Poland), the son of a Rabbi. After an ultra-religious education he helped to found and later presided over the Polish branch of the World Agudath Israel. Served as representative of Orthodox Jewry in the Warsaw Community Council and was for many years a member of the Polish Sejm. He frequently visited Palestine and, though opposed to political Zionism, did much to propagate the idea of immigration in orthodox circles.

Settling in Palestine in 1940, Rabbi Levin, as a leading member of the Palestine Agudists, went on several missions to the United States and later became

Chairman of the World Executive of the Agudath Israel. He was one of the organisers of the "Rescue Committee" for European Jewry. When in May, 1948, the Agudists ceased posing as "non-political" and agreed to participate in the Government of the new State, Rabbi Levin entered the Provisional Government as Minister of Social Welfare. Later in the year his party combined with the Mizrahi groups to form the United Religious Front and he retained the Social Welfare portfolio after the 1949 election.

A small bespectacled man with a large beard, wearing a long black coat and skull cap, Rabbi Levin cuts a very rabbinical figure. He is given to making scenes over questions of religious observance, equality of rights for religious Jews and so on. But like many ultra-orthodox Jews he combines reactionary obscurantism with shrewd business capacity. His Ministry is not badly run, though most of the initiative in the matter of social welfare really lies with other, private bodies.

41. Locker, Berl

Chairman, Jewish Agency (1948).
Born in 1888 in Russia. Studied economics and political science at Czernowitz University. Came to Palestine before the First World War and helped to found the labour movement. Originally member of the Poalei Zion party (World Secretary 1918-28 and United States Secretary 1928-31) he later joined Mapai. Member of the Jewish Agency Executive since 1931 and its representative in London from 1937 onwards, he succeeded Mr. Ben Gurion as its Chairman in 1948.

Mr. Locker has spent a large part of his life abroad. He took an active part in the World Federation of Trade Unions as representative of the Histadrut. He speaks fluent English.

42. Lubianiker, Pinkas

Secretary-General, Histadrut (1949).
Born 1904 in Poland. Studied law at Lwow University. A founder of the Gordonia Youth Movement, he came to Palestine in 1929 and with its first pioneers participated in the foundation of Hulda communal settlement, of which he is still a member. Active in foundation and enlargement of the federation of Mapai communal villages (Hever Hakvutsoth). Served in the secretariat of Mapai 1935-37, and has been on its Executive Committee since 1943. Member of the Histadrut Executive since 1944 and Secretary-General since July, 1949. Chairman of the Solel Boneh Council and member of the Zionist General Council. Mapai Deputy, 1949. Took a leading part in efforts made at the beginning of 1950 to bring Mapam into the Government.

One of Mapai's outstanding figures and a possible future Prime Minister. Hitherto little known to the public, he made his mark as a very forceful speaker in the Knesset. Dignified and able, but somewhat lacking in education.

43. Maimon (Fishman), Rabbi Juda Leib

Minister for Religious Affairs (1948).
Born in 1875 at Marculesti (Bessarabia). Educated at religious colleges in Lithuania and became a rabbi in 1900. A founder (1904) and leading member of the Mizrahi organisation. Served as rabbi in Bessarabia, 1905-13, and emigrated to Palestine in 1913. Condemned to death in 1915 by the Turks but expelled to Egypt after American Zionist intervention. Spent the rest of the war in the United States. Returning to Palestine he was largely instrumental in setting up the Chief Rabbinate (1921). Founder of the Mizrahi Bank and of the Mizrahi newspaper *Hator*, which he edited for many years. Member of the Jewish Agency Executive (1935) and its Deputy Chairman in Jerusalem. Founder (1936) and Head

of the Rabbi Cook Institute in Jerusalem for dissemination of religious literature. Chairman of the Central Committee of the World Mizrahi Organisation. One of the many Zionist leaders detained at Latrun in 1946. 1948, member of the Provisional Council of State and Minister for Religious Affairs and War Victims in the Provisional Government. Arranged an electoral alliance with the Agudists and headed the combined list of candidates (Religious Bloc). Elected Deputy (1949) and assumed the same portfolios in the present Government.

A learned theologian, author of various books and essays, editor of a monthly review and owner of a large and valuable library, Rabbi Maimon is a pillar of orthodoxy. After his arrest in 1946 he raised an outcry because it had implied his being forced to travel in a bus on the Sabbath. He is said to regard the foundation of the State of Israel as the beginning of the Messianic era. He has opposed the import of non-kosher meat and fought to maintain the exclusive jurisdiction of the rabbinical courts over marriage, inheritance, &c. He favours the restoration of the Sanhedrin as a supreme religious tribunal capable of reforming and modernising archaic regulations and thus strengthening the position of religion in the State. Dressed like any layman and wearing only a small trimmed beard, he is himself a somewhat modernised rabbi.

44. Makleff, Aloof (Brigadier) Mordechai

Deputy Chief of Staff (1949).
Born in 1919 at Motza, Palestine, of a family most of whose members were murdered by Arabs in 1929. Graduate of the Technical College, Haifa. On leaving it, joined Wingate's "night squads" and served in the Haganah. Joined the British Army in 1941 and served till 1945, first with the Buffs in the Middle East and then in the Jewish Brigade in Europe, rising to the rank of major. Was an officer of the Israel unit which took Haifa from the Arabs in April, 1948, and subsequently fought as junior and senior officer (Divisional Chief of Staff) throughout the 1948 campaign in Galilee. Headed the military delegation at the armistice negotiations with Lebanon and with Syria, 1949, and then became Director of Staff Duties. Deputy Chief of Staff since November, 1949. Quiet and unobtrusive in manner, but said to be very efficient and has a high reputation as a fighting man.

45. Mikunis, Shmuel

Communist Deputy (1949).
Born in 1904 in Poland. Came to Palestine in 1921. Employed by the Shell Company as an engineer in Tel Aviv. Worked with the League for Jewish-Arab Rapprochement. Imprisoned July to November 1941 for illegal Communist activities. Published *Kol Ha'am* in Tel Aviv, 1944, and was at one time Secretary-General of the League for Friendly Relations with the U.S.S.R. Studied tactics and propaganda methods of Communist organisations in France and after the World War was in touch with French resistance and Jewish Communist circles. Communist member of the Elected Assembly, 1944. Elected leader of the Palestine Communist Party in 1945. As such, he represented the Party at the British Empire Communist Parties Conference in London, 1947, became Member of the Provisional Council of State, 1948. In 1948 he arranged a merger with local Arab Communist elements and was elected Deputy, 1949, at the head of the combined "Israel Communist Party" list. In the summer of 1949 he made a tour of East European capitals.

Mr. Mikunis is reported to have been taken severely to task by the Cominform on various issues and may not now wield real power within the Communist party. But he is still ostensibly its leader in the Knesset, where he appears as a consistent

supporter of Russian policy and virulent critic of the Government. That he is not a member of the Histadrut Executive is said to be due to his candidature at the elections of 1947 having been excluded owing to non-payment of fees for several years.

46. Myerson (née Mabovitz), Mrs. Golda

Minister of Labour (1949).
Born in 1898 at Kiev. 1906, emigrated with her father, a carpenter, to Milwaukee, United States, where she attended high school, graduated at the Teachers' Training College (1920) and joined the Poalei Zion (Socialist-Zionist) Party. Settled in Palestine in 1921, starting as member and agricultural labourer of Merhavia Kibbutz (Hashomer Hatsair), 1921-24. With Solel Boneh, 1924-26. Since 1928, member of the Working Women's Council and its representative in the Histadrut Executive. Associated with Mapai since its foundation (1930). Very active as Histadrut fund-raiser, frequently visiting the United States and the United Kingdom; spent the whole of 1932-33 in America in this capacity. Delegate to Zionist Congresses since 1929 and to the Imperial Labour Conference, London, 1930. Member of the Zionist General Council. Chairman of the Sick Fund (Kupat Holim), 1936-48. Member of the Va'ad Leumi, 1938-48. Director of a number of local economic and cultural institutions. Head of the Histadrut Political Department from 1940 and secretary of the Histadrut Executive, 1945-46. Acting Head of the Jewish Agency Political Department during the interment of political leaders in 1946, and head of its Jerusalem branch, 1947.

In May, 1948, Mrs. Myerson became member of the Provisional Council of State but resigned from it on appointment as Israel Minister in Moscow (August 1948 to April 1949). Elected Mapai Deputy in 1949, she became Minister of Labour and Social Insurance. Mrs. Myerson is a good and able personality and a good speaker. She made no headway with the Russians and was not happy in Moscow, but with her organising capacity and long experience of labour questions she is well fitted for her present post.

47. Nir-Rafalkes, Nahum Yaacov

Mapam Deputy (1949).
Born in 1884 at Warsaw. Studied at Universities of Warsaw, Leningrad, Zürich and Dorpat. Private legal practice in Poland, Danzig, Vienna and (since 1929, when he immigrated) in Palestine. Municipal Councillor, Warsaw, 1919-24. President of the Yiddish Journalists' Union. An active Zionist since 1901. Joined the Poalei Zion Party in 1905 and was Head of its world secretariat. Belonging to its left wing, he did not join Mapai, but took part in the mergers with other leftist groups (1946, 1948) which led to the formation of Mapam. As leader of the "Left Poalei Zion" Party he was an advisory member of the Va'ad Leumi Executive (1944-48) and a member and Deputy Chairman of the Provisional Council of State (1948-49). Elected Mapam Deputy (1949), he was chosen as one of the two Deputy Speakers of the Knesset and Chairman of its Parliamentary Committee on Constitution, Legislation and Justice.

Dr. Nir-Rafalkes has published in German a number of books on political subjects, including a History of Socialism. In the Knesset he has shown himself somewhat more moderate than the average Mapam Deputy. He has the reputation of being a sound legal expert.

48. Pinkas, David Zvi

Religious Bloc Deputy (1949).
Born in 1895 at Sopron (Hungary), son of a rabbi. Studied at Vienna University (graduated in law) and

at Presburg Rabbinical Seminary, and started life as a banker. Came to Palestine 1925 and was for over twenty years manager of the Mizrahi Bank (now Chairman). Municipal Councillor, Tel Aviv, since 1932. Delegate to Zionist Congresses and member of the Va'ad Leumi. Active in the Mizrahi World Organisation and member of its Palestine Executive, he was a Mizrahi representative in the Provisional Council of State, 1948. Elected Deputy (Religious Bloc) in 1949, he is Chairman of the Knesset's Finance Committee.

Mr. Pinkas is an authority on parliamentary procedure and has shown skill in piloting financial measures through debates in the Knesset. He is President of the Great Synagogue in Tel Aviv.

49. Raday (Berman), Chaim

Secretary-General, Ministry for Foreign Affairs (1948).

Born in 1908 at Bender (Bessarabia). Attended the Hebrew Gymnasium at Kishinev, came to Palestine in 1924, and worked as agricultural and building labourer till 1928, also finishing his education at Reali School, Haifa. In 1929 he went to Montreal to study agriculture, becoming headmaster of a Jewish agricultural school, secretary of the united youth parties in Canada and a founder of the Gordonia pioneering organisation which was later associated with Mapai. In 1931 he studied at the National School of Agriculture, Grignon (France). Delegate to the Palestine Students' Congress, Ghent, 1932. Returning to Palestine, he worked as an agricultural engineer. From 1934 to 1938 he helped to found Naharya and became manager of its co-operative and Mukhtar. 1938, secretary of the Railway Workers' Organisation. From 1939, served the Histadrut Executive as liaison officer with the British Army and during the World War became secretary of its Political Department. After the war he represented the Histadrut at the International Labour Organisation and opened in Paris a Histadrut office for liaison with foreign labour movements. Returned 1947 and joined the Political Department of the Jewish Agency, where he initiated a Consular section and did political work among the foreign consulates in Jerusalem. Later he became Secretary of the Political Department and collaborated in preparing the framework of the Foreign Ministry, of which he became Secretary-General on its establishment in 1948.

Mr. Raday is a pleasant man and has the reputation of an efficient worker. His function in the Foreign Ministry (not to be confused with that of Director-General) resembles that of Chief Clerk in the Foreign Service. Reputed to have been anti-British but our contacts with him lend no present colour to that estimate.

50. Remez (Drabkin) David

Minister of Communications (1949).

Born 1886 at Copees near Mohilev (White Russia), son of an inn-keeper. An early adherent of the Zionist movement. Largely self-taught, he supported himself from the age of 17 by teaching, matriculated in Russia (1905) and in 1911 went to Istanbul University to study law in preparation for activity in Palestine, where he settled in 1913. Worked as a hired agricultural labourer, 1913-18. Settled in Tel Aviv and played a leading part in launching the movement for labour unity which produced the Achdut Ha'avoda (1919), the Histadrut (1920) and later Mapai (1930). From 1920 onwards worked for the Histadrut, principally in Solel Boneh and other economic enterprises. On Histadrut delegations to Moscow (1925) and America (1926); delegate at most Zionist Congresses and at various times a member of the Zionist General Council. 1933-47, Secretary-

General of the Histadrut, succeeding Ben Gurion. Largely instrumental in founding the Zim Shipping Company. 1945, elected Chairman of the Va'ad Leumi Executive. One of the Zionist leaders interned at Latrun in 1946. Mapai member of the Provisional Council of State, 1948, and Minister of Communications in the Provisional Government. Retained the same portfolio after election as Deputy (fourth on the Mapai list) in 1949.

Mr. Remez was marked out for the Ministry of Communications by his long connexion with transport and maritime enterprises in the Histadrut. He also has the reputation of being a skilled negotiator and arbitrator who has settled many a controversy within and without the labour movement, and an expert philologist who coins new Hebrew words and polishes up the text of State documents. At the beginning of 1950 he played, as acting Minister of Education, a leading part in finding a compromise solution for the camp education crisis which threatened to break up the coalition between Mapai and the Religious Bloc. Though not an outstanding orator, he is a successful chairman.

51. Rokach, Israel, C.B.E.

Mayor of Tel Aviv (1936).

Born in 1896 at Jaffa. Educated at Technical Institutes of Lusanne and Zürich. Worked as electrical engineer in the United Kingdom and Palestine. Municipal Councillor, Tel Aviv, since 1922; Vice-Mayor, 1927; Mayor since 1936. Former member of the War Economic Advisory Council (1944) of the Va'ad Leumi Education Board. A director of various cultural, political and economic enterprises. Elected General Zionist Deputy, 1949. Chairman of the Standards Institute of Israel and of a public committee for studying the financial relationship between the State and local authorities.

Mr. Rokach, as a leader of the General Zionist Party, spends much time in the Knesset. His subordinates have complained of his neglect of routine municipal affairs. Very self-important.

52. Rosen (Rosenblueth), Pinhas-Felix

Minister of Justice (1948).

Born in 1887 in Berlin. Studied law at Universities of Freiburg and Berlin. Leader of Zionist youth organisations in Germany. Served six years in the German Army, including the First World War. President of the Zionist Federation of Germany, 1920-23. Spent 1923-25 in Palestine. Returned to Germany 1925. In London, 1926-31, as member of the World Zionist Executive in charge of its Organisation Department. Settled in Palestine 1931; in private legal practice there, 1932-48. Municipal Councillor, Tel Aviv, since 1935. One of the founders (1941) of the Aliya Hadasha Party (new immigrants, mostly from Germany and Central Europe) and its President. Member of the Elected Assembly, 1944. 1948, member of the Provisional Council of State and Minister of Justice in the Provisional Government. In September, 1948, the bulk of his party merged with a section of the General Zionists to form the Progressive Party, with him as leader. Elected Deputy, 1949, and resumed the portfolio of Justice.

Mr. Rosen is a sound lawyer, specialised in company law, but he suffers from a certain germanic pedantry and heaviness. He is closely associated with Dr. Weizmann. In political outlook he is a moderate liberal. Friendly.

53. Sahar (Sacharov), Yehezkel

Chief of Police (1948).

Born in 1907 at Jerusalem. Studied at the High School of Commerce, Tel Aviv. Worked for several years in the Anglo-Palestine Bank. In 1933 studied

at the London School of Economics and while there was appointed private secretary to Dr. Weizmann. 1940, on a Zionist mission to the United States. 1941, returned to Palestine and enlisted in His Majesty's Forces. Served with the Eighth Army in the Western Desert as commander of a Palestine R.A.S.C. Company. Wounded in Malta and Italy. Discharged as major after serving in Austria. A veteran of the Haganah, he became Inspector-General of Police and Director-General of the Ministry of Police at the declaration of independence, May, 1948. In January, 1950, his rank was made equivalent to that of Chief of Staff (rav-alooof).

Mr. Sahar, though critical of British handling of security in the mandatory period, is friendly and seems desirous of maintaining British traditions in the Israel Police Force. In 1949 he spent several weeks in the United Kingdom, France and the United States studying police organisations and methods. On his return his enthusiasm for Scotland Yard was almost unbounded.

54. Sasson, Eliahu

Minister to Turkey (1949).

Born before 1898 at Aleppo. Brought up in Syria and studied in Turkey. At one time he was a teacher in the French-Jewish School of the Alliance Israélite at Damascus. Active at first in the Syrian nationalist movement, he later devoted himself entirely to Zionism and became (about 1936) head of the Arab Section of the Jewish Agency's Political Department in Jerusalem. Head of the Middle East Division, Ministry of Foreign Affairs, 1948. Took a leading part in the armistice negotiations at Rhodes and headed the Israel delegation to the Conciliation Commission in Lausanne (1949) with the rank of Minister. At the end of 1949 he was appointed first Israel Minister to Turkey.

Mr. Sasson speaks perfect Arabic. While working for the Jewish Agency he established the reputation of being not only a connoisseur of Middle East affairs but also *persona grata* with many leading Arab politicians, with whom he held confidential discussions.

55. Schocken, Gustav Gershon

Journalist.

Born in 1912 at Zwickau (Saxony) of a wealthy family. His father owned a chain store network in Germany. Educated at Universities of Heidelberg and London (Social Science). In Palestine since 1933. His family founded Schocken Verlag in Berlin (1931-39) and he is Director of its Palestine branch (Schocken Publishing House, Ltd.). In 1937 he and his father took over publication of the principal Hebrew paper of the country, *Ha'arets*, which he has edited ever since.

Mr. Schocken speaks fluent English. He has a very cosmopolitan outlook—which is in contrast to the somewhat limited horizon of many of his journalist colleagues. Alone of the Hebrew papers *Ha'arets* is excellent.

56. Shaltiel, Aloof (Brigadier) David

Military Attaché, Paris (1950).

Born in 1903 in Germany. Served as an officer in the French Foreign Legion during the Riff War. Came to Palestine in 1924 and joined the Haganah. Went to Europe to obtain arms for it, was imprisoned by the Nazis and tortured by the Gestapo. Returned to Palestine in 1941 as an exchange prisoner, and received the underground Haganah appointment of Area Commander in Haifa and then (till February, 1948) Chief of Intelligence. Commanded the Israel Brigade in Jerusalem throughout the siege of 1948 but was later removed, reportedly for failure to capture the whole city. In October, 1948, he was in

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charge of the investigation of the activities of dissident military groups. He then visited Czechoslovakia and several South American States, and on return was appointed Inspector General of the Army. He relinquished the post on becoming Commander of the Frontier Force in November, 1949, but was found too independent and unorthodox for the latter and removed in April, 1950, on being appointed Military Attaché for France and Benelux countries, with residence at Paris.

57. Shamir (Rabinovitz), Commodore Shlomo

Head of the Israel Navy (1949).

Born in 1916 in Poland and came to Palestine as a child. During the Second World War he served in the Jewish Brigade, rising from private to major. In 1948 he commanded first a Brigade and later a Division of the Israel Defence Army. He was then transferred to the General Staff as Chief of Administration, and ended the war as Commander of the Central Front. It was he who built the "Burma Road" to Jerusalem. He was put in command of the Navy, with the rank of "kevarnit" (equivalent to aloof in the Army), in June 1949. Early in 1950 his title was changed to "aloof yam," but it remained equivalent to aloof (brigadier). Though he has no naval experience he was chosen for this post owing to his outstanding ability as an organiser.

58. Sharett (Shertok), Moshe

Minister for Foreign Affairs (1948).

Born in 1894 at Kherson (Ukraine). Emigrated to Palestine with his parents 1906. Educated at Herzliya Gymnasia, Tel Aviv. Studied law at Istanbul University (1913-14). 1915-18, served as Turkish Army officer (interpreter attached to German liaison staff). 1918-20, on the staff of the Zionist Commission, Jerusalem, and active in the Hitachdut (United Labour) movement. Spent 1920-25 in England, taking B.Sc. degree at London School of Economics and entering the English Executive of Paolei Zion, which he represented at British Labour Party conference, 1925-31, on the editorial staff of the Histadrut organ *Davar*, of which he also produced a weekly edition in English. Joined Mapai on its foundation, 1930, and was later elected to its Executive. 1931-33, private secretary to Arlosoroff, Head of the Jewish Agency Political Department; succeeded him as its Head in 1933 and retained the position, with membership of the Executive, till 1948. In this capacity, was the Agency's main channel of contact with the Government of Palestine and went on numerous missions abroad. During the Second World War was head of the Jewish Agency's Recruiting Department and active in promoting the formation of the Jewish Brigade group. Was one of the Jewish leaders interned at Latrun, 1946. Re-appointed head of the Political Department by the Zionist Congress of December, 1946, but with orders to head it from Washington, he was throughout 1947 the Agency's principal delegate to the United Nations Organisation. In 1948 he became member of the Provisional Council of State and Minister for Foreign Affairs in the Provisional Government, and was later obliged to resign from the Jewish Agency Executive. Elected Deputy (No. 2 on the Mapai list) in 1949, he has continued as Minister for Foreign Affairs.

Mr. Sharett is a remarkable linguist, a voluble talker and a very quick worker. But there is a certain lack of depth, modesty and real personality which diminishes his stature as a statesman. Though very close to Mr. Ben Gurion and by no means a mere figurehead, his control over foreign policy is perhaps less effective than his incessant activity would make it appear. He has his finger in many a pie and is busy with local politics as well as foreign relations: speech-making in the provinces is one of his pastimes.

59. Sharif (Scharf), Zeev

Secretary of the Government (1948).

Born about 1902. Began his career in the Jewish Agency and in 1947 was secretary of its Political Department. From November 1947, he was secretary of an Emergency Committee of thirteen political leaders which made technical preparations for the establishment of an independent administration. When in March, 1948, this gave place to the bodies which later emerged as the Provisional Council of State and Provisional Government of Israel, he continued to act as their principal secretary, and under a further reorganisation he became head of the Prime Minister's office, with the title of "Secretary of the Cabinet and Director-General."

60. Shazar (Rubashov), Zalman

Minister of Education (1948).

Born in 1889 at Mir (White Russia). Comes of a Hassidic family and is regarded as an authority on Hassidism though he himself is an emancipated socialist. Studied at the Academy of Jewish Science, St. Petersburg, and the Universities of Freiburg, Strasburg and Berlin. One of the founders of Hechalutz pioneering movement. After some years in Vienna as journalist and youth instructor, he came to Palestine in 1924. Active in organising the labour movement and in negotiations for the merger of socialist groups which formed Mapai (1930). Member of the Histadrut Executive. Labour delegate to numerous Zionist Congresses and member of the Zionist General Council. For many years editor of the Histadrut newspaper *Davar*; a prolific journalist and author of books and pamphlets. Elected Mapai Deputy in 1949, he became the first Minister of Education and Culture.

Mr. Shazar, one of Mapai's leading intellectuals, has not made his mark as minister. Absent for long periods owing to serious ill-health he has failed to cope with the urgent problems facing his department.

61. Shenkar, Arie Leif

President, Manufacturers' Association (1925).

Born in 1877 in Kiev Province, Ukraine. Was a textile manufacturer in Moscow for many years. In 1908 he came to Palestine and purchased land for members of a group of which he was treasurer and vice-president. Returning again in 1924 he founded the Lodzia Textile Company, of which he is owner and Managing Director, and the Industrial Bank of Palestine, of which he is Chairman. President of the Manufacturers' Association since its foundation in 1925. Chairman of the Industrial Credit Council of the Palestine Corporation (London) and a Director of the Tel Aviv Development Company. Vice-President of the Standards Institute.

Mr. Shenkar is a highly respectable old man. He is not happy in the modern world of controlled economy and has made vigorous public attacks on the policy of the Ministry of Supply and Rationing. He does not speak English.

62. Shiloah (Zaslani), Reuven

Special Adviser, Foreign Ministry (1948).

Born about 1908 at Jerusalem. Educated at the Hebrew University and the Teachers' Seminary, Jerusalem. Specialised in Arabic studies and has travelled extensively in the Middle East. Early connected with the Haganah; organiser of its Arab intelligence service. Went on special missions to Iraq (1931-32, as a teacher) and to Kurdistan (1932). In 1932 he was editor of the Arab section of the *Palestine Post*. Friend of Arlosoroff, who interested him in the socialist youth movement. As assistant Political Secretary, Histadrut Executive, in charge of Arab affairs (1932-36), he helped to found the Arab Association of Palestine Workers. During the riots of

1936 he was loaned by the Histadrut to the Jewish Agency's Political Department and remained in it till 1948. For many years liaison officer between it and British military authorities, including General Wingate. Member of the Jewish Delegation at the Round Table Conference in London (1939). During the World War, as Jewish liaison officer, he assisted the allies in planning operations behind the enemy lines in neighbouring Arab States and Europe. Went to San Francisco in 1945 as a Jewish Agency delegate to the United Nations Conference and remained in America and Europe for over a year, including a special Haganah mission in the United States and service in the Jewish Agency office in London (1946), and as Mr. Ben Gurion's secretary while in Paris. On the establishment of the State of Israel he became "Special Adviser" in the Ministry of Foreign Affairs, holding the third place in its hierarchy. Took a leading part in discussions with the Conciliation Commission at Lausanne (1949) and in secret negotiations with Jordan (1949-50).

Mr. Shiloah is a humourless and sinister-looking individual with a scar across his rather Asiatic features. Since 1939 he has been very close to Mr. Ben Gurion and is now a power behind the throne in so far as relations with Israel's neighbours are concerned. An able and probably an unscrupulous man.

63. Shitreet, Behor Shalom

Minister of Police (1948).

Born in 1895 at Tiberias of an old-established Arabic-speaking family. Educated at the "Alliance Israelite" School and Rabbinical College, Tiberias, and later (1926-30) at the Law Classes, Jerusalem. Though a Sephardi, he joined the Zionist Movement in 1910. Started as a teacher of French, Hebrew and Arabic and later worked in his father's business. In 1919 he joined the Police Force under British military administration and subsequently made a career in the Department of Police and Prisons of the Government of Palestine, specialising in criminal investigation. 1927, Assistant Superintendent of Police, Tel Aviv. Instructor (1928) and head (1931) of the Police School in Jerusalem. Left the Police in 1935 to become Magistrate, sitting in Jaffa, Tel Aviv, Haifa and other courts. Chief Magistrate, Tel Aviv, 1945; Senior Magistrate, 1947. From 1942 onwards he helped to organise the Sephardim in defence of their rights in the Jewish community and later became chairman of the Sephardic Committee formed for this purpose. As such he entered the Provisional Council of State, 1948, and became Minister of Police and of Minorities in the Provisional Government. Later in the year he pledged his support for a "Popular Party," but as it did not materialise, he headed in 1949 the list of the "Union of Sephardic and Levantine Communities" of which he and three others were elected deputies in the Knesset. In the new Government he carried on with the same two portfolios, but that of Minorities was abolished in June, 1949.

Mr. Shitreet is a leisurely and expansive oriental who is as much at home with Arabs as with Jews. Though he has little education and no European experience, he was a competent magistrate, courageous, hard-working and with a reputation for honesty. He owes his ministerial rank more to the vicissitudes of coalition cabinet-making than to outstanding ability. But if (as many Israelis doubt) there must be a separate Ministry of Police, he has obvious qualifications for it. He appears to be keen on maintaining British traditions in the Israel Police Force.

64. Smoira, Moshe

President, Supreme Court (1948).

Born in 1888 at Königsberg. Studied at Universities of Königsberg, Munich, Berlin (law), Giessen,

Heidelberg, Frankfurt (Semitics). Served in the German army, 1912-18. Legal practice in Berlin and, since 1923, in Palestine. Lecturer at the Law Classes, Jerusalem, from 1923. Member of the Council of Legal Studies from 1925. Was legal adviser to the Histadrut. President of the Supreme Court in Jerusalem since its inauguration in September 1948.

Dr. Smoira is a sound legal expert, but learned rather than profound. Under his chairmanship the Supreme Court has proved an impartial body independent of political influence. Not well versed in criminal law. Slightly pompous.

65. Sneh, Dr. Moshe

Mapam Deputy (1949).

Born in 1909 at Radzyn (Poland). Graduated in medicine at Warsaw University (M.D.) but took up journalism and politics, becoming chairman of the Zionist Students' Organisation and later leader of the General Zionist Organisation in Poland. A delegate to Zionist Congresses from 1933, he was elected member of the Zionist General Council in 1935. In 1939 he served as captain in the Polish army, was taken prisoner by the Russians, escaped and reached Palestine via France in 1940. From 1940 to 1946 he served on the staff of the Haganah underground forces, becoming Chief of Staff by 1944, and engaged in organising illegal immigration. Also active in politics as right-hand man of Y. Gruenbaum (q.v.) at the head of the "A" Group of General Zionists. In 1945-46 he took a leading part in bringing together the General Zionists "A" and "B" (Left and Right wings) and for a short time presided over the united party. In 1945 he also entered the Jewish Agency Executive and acted as its ambassador at large in Europe.

During this period Dr. Sneh adopted a pro-Soviet orientation and at the end of 1947, having quarrelled with the General Zionist Party and the Jewish Agency, he resigned from both and took a leading part in founding the leftist United Labour Party (Mapam). Though, unlike other participants, he brought with him no organised body, he became a member of the Mapam Central Committee and of the editorial board of the party's newspaper *Al Hamishmar*. In July 1948 he attended the World Jewish Congress and sided with the East European delegates who tried to give it a pro-Soviet bias. Elected Mapam Deputy in 1949, he has led the extreme Left wing of the party and in 1949-50 was influential in preventing it from joining Mapai in the Government coalition. He is the leading spirit in the Israel branch of the Soviet-sponsored "Peace Movement" and secretary of the League for Friendship with the U.S.S.R.

Dr. Sneh is a good speaker and an able man, but is regarded by his political opponents as an insincere schemer who turned pro-Soviet for reasons of personal ambition. He is certainly an active fellow-traveller, and an unprincipled opportunist.

66. Sprinzak, Joseph

Speaker of the Knesset (1949).

Born in 1886 in Russia. University studies in Russia and Switzerland. Came to Palestine in 1920, already a Zionist-Socialist, and entered the labour movement, becoming a leading member of Mapai. Repeatedly represented the Histadrut at Zionist Congresses; is chairman of the Zionist General Council Præsidium. For many years member of the Histadrut Executive, he was its General-Secretary in 1947-49. On the board of Directors of the Jewish National Fund, Foundation Fund and various other institutions. Was member of the Elected Assembly and Va'ad Leumi Executive. In August 1948 he entered the Provisional Council of State (replacing Mrs. Myerson) and soon after was elected its chairman. Elected Deputy (5th on the Mapai list) in 1949

and president (Speaker) of the Knesset, he relinquished the General Secretariat of the Histadrut in July. During Dr. Weizmann's absence abroad in 1949 he was deputy President of Israel for three months.

Mr. Sprinzak is a good chairman with a strong sense of humour and is generally liked and respected in the Knesset, but in his conduct of parliamentary procedure he occasionally shows bias in favour of Mapai and the Government coalition. A small thick-set man with a large drooping moustache, he cuts a slightly comical figure. A prominent sponsor of cultural and educational institutions. Speaks very little English but is outwardly friendly. A close friend of Mr. Ben Gurion.

67. Tocaty, Yehuda Mazur, M.B.E.

Insurance and finance magnate.

Born in 1904 at Jerusalem. Educated partly in London and speaks good English. Has published books on insurance and articles on economic problems. Owner and general manager of the firm of J. M. Tocaty, insurance and finance, and agent for various leading insurance companies in Israel. Chairman of the Arie Insurance company and a director of a number of other firms. Was president of the Palestine Property Owners Association. Municipal Councillor of Tel Aviv. Has a financial interest in a very wide range of industrial and commercial enterprises. Is rather exceptional in Israel in that he is important and competent but has no quasi-official Government job. Has a direct and forthright manner and is rather deaf. Not the most attractive of personalities.

68. Toubi, Tewfik

Communist Deputy (1949).

Born in 1921 or 1922 at Haifa. A fairly able journalist, editor of the Arab Communist weekly *Al Itihad*. A founder of the Arab Workers' Congress and one of the leaders of the Arab League for National Liberation, he followed the latter when in 1948 it merged with the (Jewish) Palestine Communist Party to form the United Israel Communist Party. Elected Deputy in 1949 (second on the Communist list) he has been very active in voicing Arab grievances before the Knesset, in the "Peace Movement" and in other forms of agitation. In the summer of 1949 he accompanied Mikunis on a tour of East European capitals. Speaks Hebrew, but not perfectly. Alleged to be a former collaborator of the ex-Mufti with an anti-Zionist record.

69. Uziel, Ben-Zion Meir Chai

Chief Rabbi (1939).

Born in 1880 at Jerusalem. Educated at a Rabbinical College in Jerusalem. Teacher and later Principal of the Tiferet Yerushalayim religious college. Rabbi of the Sephardic Community of Jaffa, 1910-18. Chief Rabbi of Salonika, 1921. Chief Rabbi of Jaffa and Tel Aviv, 1923. Elected Chief Sephardic Rabbi of Palestine in 1939. Head of the Mif'al Hatorah organisation for support of Talmudic schools.

Though he has published a series of books entitled "Uziel's Judgments," "Uziel's Treasures," "Uziel's Chapters," he is not a man of scientific outlook or European experience. Owing to this and to the relative smallness of the Sephardic community, he carries much less weight in Israel than his Ashkenazic colleague, Dr. Herzog. He speaks Arabic, French and some English.

70. Weizmann, Dr. Chaim

President of Israel (1948).

Born in 1874 at Motol (White Russia), son of a timber-merchant. Studied at universities of Berlin (1894-97) and Freiburg (1898-99, Sc.D.). Lecturer in chemistry and biochemistry at Universities of

Geneva (1900-04) and Manchester (1904-16). From 1898, delegate at World Zionist Congresses and member of the Zionist Executive. A leader of the democratic faction in the Zionist Organisation, an outstanding opponent of Herzl over the Uganda proposal (1903-04) and promoter of "practical" Zionism. First visited Palestine in 1907. As Director of Admiralty Laboratories, 1916-19, he made valuable contributions to the allied war-effort, including invention of an acetone production process. This brought him into contact with British statesmen, from whom he took a leading part in obtaining the Balfour Declaration, 1917. President of the Zionist Federation of Great Britain and Ireland, 1917 and 1931. Headed the Zionist Commission to Palestine (1918) and the Jewish Delegations to the Paris Peace Conference (1919) and the San Remo Conference (1920). From 1920 onwards he was president of the World Zionist Organisation; and consequently also of the (enlarged) Jewish Agency founded, largely owing to his efforts, in 1929. His moderation caused his loss of the Presidency in 1931, but he was reinstated in 1935. During the mandatory period, though mainly resident in England, he frequently visited Palestine and travelled extensively in the United States and Europe in connexion with Zionist affairs. Principally preoccupied with putting the Jewish community on a firm economic and cultural basis, he developed the Jewish National Fund, started the foundation fund (1921), promoted agricultural settlement, founded the Hebrew University (of which he was president in 1923-49 and Dean of the faculty of Physics from 1935), the Research Institute at Rehovoth (1934) and other institutions. In 1932, he became chairman of the Central Bureau for settlement of German Jews and president of the Youth Aliyah. Following the Peel Report of 1937, he favoured partition of Palestine. Despite strong resentment over the White Paper policy of 1939, he threw himself into the war effort: he was honorary chemical adviser to the British Ministry of Supply (1939-45) did valuable scientific work in the United States for the War Production Board (1942-43) and promoted the recruitment of Jews in Palestine.

Though embittered by the development of British policy, after the Second World War Dr. Weizmann steadily resisted extremist agitation and violence. His patience and willingness to continue discussions with His Majesty's Government again resulted in his being ousted from the Presidency of the Zionist Organisation and Jewish Agency in 1946. He went into semi-retirement and devoted himself to the Weizmann Institute of Science (a recent enlargement of the Rehovoth Research Institute). On the eve of the United Nations Partition Resolution of 1947, he went to Washington and by his personal intervention with President Truman secured United States support for the allotment of the Negev to the Jewish State. He again visited the United States early in 1948 to plead for recognition of Israel. In May, the Provisional Council of State elected him as its President. He did not return to Israel till September. In 1949, the Knesset elected him first President of Israel.

Dr. Weizmann has been a statesman and scientist of the first order, but he is now a spent force and a very sick man. He was the inevitable choice as first President of the new State, but the office is shorn of

all power and he has no positive influence. But he still enjoys considerable prestige. He is a rather disappointed old man.

71. Yadin (Suknik), Rav-Aloof Yigal Chief of Staff (1949).

Born in 1916 at Jerusalem, son of Professor Suknik the archaeologist. Studied at the Hebrew University (M.A., archaeology); specialised in history of ancient wars in Palestine and has published various studies. Served in the Haganah from 1933. Was in Wingate's "night squads." A senior Haganah staff officer till 1937, he was District Instructor, Jerusalem, in 1938. After the World War he appears to have been appointed head of a department for planning operations in support of the resistance movement in Palestine, but to have resigned and returned to civilian life in 1946 when the Jewish political leaders were interned. On the outbreak of disturbances following the United Nations Partition Resolution he was called back to active service in December 1947. From then till January 1949, as Chief Operations Officer he successfully directed the campaigns in Galilee, the Jerusalem corridor and the Negev. He then became chief of "G" Branch, took a leading part in the Rhodes armistice negotiations, went on a tour of European countries and in September 1949, was attached to the Prime Minister as personal military adviser. In November 1949, he was promoted to Rav-Aloof (Major-General) and replaced Dori as Chief of Staff.

Major-General Yadin combines the eagerness and self-confidence of a locally-born "sabra" with the learning of a Jewish scholar. He has an intimate knowledge of the Palestinian terrain. Speaks English and Arabic. In private intercourse his manner is pleasant and humorous. Regarded as a faithful executor of Mr. Ben Gurion's army policy. His appointment as Chief of Staff was followed by a weeding out of Mapam officers and various measures of military reorganisation.

72. Zisling, Aharon

Mapam Deputy (1949).

Born in 1901 at Baranovich (White Russia). Came to Palestine in 1914 and worked as an agricultural labourer. Since 1923, member of the large "mixed" kibbutz of Ein Harod. Associated with the Achdut Ha'avoda movement, he helped to found Mapai with in it 1930; but as a leader of its Left wing, which formed an opposition within the party, he seceded from Mapai in 1944, and joined Mapam on its foundation in 1948. Was a member of the Histadut secretariat and undertook a number of missions abroad on behalf of the labour movement. Delegate to various Zionist Congresses and member of the Zionist General Council. In 1944-48 he was Achdut Ha'avoda representative in the Va'ad Leumi executive. In 1948-49 he represented Mapam in the Provisional Council of State and was Minister of Agriculture in the Provisional Government. Elected Deputy, 1949.

Mr. Zisling is a tubby, jovial little man with a shock of fluffy white hair encircling his bald pate. Though still a leading personality, he appears to be losing influence. He was not much of a success as Minister and lacks education. But he enjoys a certain popularity as a character.

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No. 43

ISRAEL: HEADS OF FOREIGN MISSIONS

Sir K. Helm to Mr. Younger. (Received 16th June)

(No. 147. Confidential) Tel Aviv,
10th June, 1950.

I have the honour to transmit to you my Report on Heads of Missions at this post.

I have, &c.

A. K. HELM.

ARGENTINE (de jure recognition).

Dr. Pablo Manguel, Minister (14th September, 1949).

Born in 1912, Dr. Manguel has a legal background and has written various books on labour problems in the field of trade unionism and co-operative societies. Has probably some Jewish blood and is believed to be Secretary-General of the Israelite Organisation of Argentina, which is affiliated to the Peronista Party. He has already paid three visits back to Buenos Aires and claims close friendship with the Argentine President. Here his main concern seems to be his living difficulties though his verbosity in indifferent French enlivens Diplomatic Corps meetings. Nobody takes him seriously. He has a large family retinue and a not unattractive wife.

BELGIUM (de jure recognition).

M. Eugène Dubois, Minister (20th April, 1950).

M. Dubois has been in the Belgian Foreign Service since 1922 with a good deal of Balkan experience. His last post was Bucharest from which he was withdrawn prematurely because his wife is Roumanian.

Like our Italian colleague, the Dubois live at the Sharon Hotel outside Tel Aviv and do not yet circulate much. Though probably inclined to be dull and *protocolaire* he seems well disposed.

CZECHOSLOVAKIA (de jure recognition).

Dr. Edward Goldstucker, Minister (18th January, 1950).

Some 35 years of age, Dr. Goldstucker was a Czech Jewish Refugee who obtained a scholarship to Oxford in 1940. He has therefore many and varied contacts in England. As Counsellor in the Czechoslovak Embassy in London later in the war, he was regarded as not only the *eminence gris* of the Embassy but also as head of the Czech Intelligence Service. He served for a short time in the Czechoslovak Embassy in Paris after the liberation. He is generally regarded as one of the most intelligent and dangerous members of the Czechoslovak Ministry of Foreign Affairs and is a subtle and effective Communist propagandist. He is believed to have been close to Dr. Clementis and may have been affected by the latter's fall. Here he is installing himself on what are apparently relatively ambitious lines and his contact with our Soviet colleague seems to be close. His wife, who also studied at Oxford, is somewhat forbidding and almost certainly fanatical and ruthless. Their two children are British born.

FRANCE (de jure recognition).

M. Edouard-Felix Guyon, Minister (13th July, 1949).

M. Guyon, who was born in 1902, is a career diplomat and has served at Prague, Warsaw, Bucharest and Berne. He broke with Vichy in 1924

and was a member of the French delegation to the San Francisco conference in 1945. We see one another frequently and he is friendly and co-operative. Not very active, he and his pleasant wife live a rather quiet, and somewhat isolated life in a former Arab house overlooking the beach at Jaffa.

GREECE (de facto recognition).

M. J. N. Mallah arrived as Greek diplomatic representative on 12th August, 1949, and left in December. He has since resigned. No successor has arrived. Greek interests are in the hands of M. Argyropoulos, Consul-General at Jerusalem.

ITALY (de jure recognition).

Signor Enrico Anzilotti, Minister (24th November, 1949).

A career diplomat, who is said to have been a Fascist during the Mussolini era, Signor Anzilotti came here from London where he had been Counsellor. He and his attractive wife, Belgian by birth, are content to stay at the Sharon Hotel, some 40 minutes by car from Tel Aviv, and they avoid social obligations as much as possible. He is reserved but not impressive. He seems to be little interested in his work or in the problems of Israel. We like them.

NETHERLANDS (de jure recognition).

Dr. Johan A. Nederbragt, Minister (14th April, 1950).

Dr. Nederbragt entered the service of the Dutch Foreign Office in 1919 and was a local Hague burgo-master between 1939 and 1946. He became Dutch Consul in Jerusalem in 1948. He received the personal rank of Minister Plenipotentiary in August 1949, but only recently became accredited. He lives in Jerusalem. He and his wife are getting on in years and show themselves little in Tel Aviv. They are both rather dull. Perhaps he has, of late, become rather less enthusiastic about things Israeli.

PERSIA (de facto recognition).

M. Reza Safinia, Representative (26th March, 1950).

M. Safinia had a rather unfortunate start as he appeared in Jerusalem in January before Persia had recognised Israel or obtained prior approval for his appointment. Born in 1897 at Tabriz, he was a lawyer until 1934 when he became Persian Consul-General at Baku. Subsequently he was Counsellor at Moscow and Chargé d'Affaires at Bagdad. His last post was Head of the Press Department of the Persian Foreign Office. I have only just met him and was not greatly impressed.

POLAND (de jure recognition).

Poland has no diplomatic representative but maintains a Consulate-General at Tel Aviv. It seems to have had its troubles for changes in its personnel have been frequent and at present I do not know who is in charge of it.

ROUMANIA (de jure recognition).

M. Nicolae Cioroiu, who became Minister in September 1949, was recalled to Bucharest in January 1950, and has not yet been replaced. The Legation is in charge of the Counsellor, M. Paul Davidovici, whom I have only just met. He is, I am informed, a Communist of some standing.

YUGOSLAVIA (*de jure* recognition).

M. Nikola Milicevic, Minister (2nd March, 1950).
A Serb, born in 1915. Previously Deputy Director concerned with Western European problems in Yugoslav Foreign Office. Studied in Paris and understands but does not speak French. Gets along in English. Seems well disposed and has succeeded in establishing himself reasonably well. Is a family man and they have two small children.

SWITZERLAND (*de jure* recognition).

Diplomatic relations have not been established. M. Paul G. Ritter, a career diplomat, arrived in June 1949, as Consul-General. He had previously been Counsellor in Rome.

Both M. Ritter and his wife have suffered from indifferent health since their arrival. They have installed themselves in a largish house in the centre of Tel Aviv where he claims to have much to do, particularly on the economic side. They are hospitable, but Mme. Ritter, who is Russian born, is something of a trial.

TURKEY (*de jure* recognition).

Mr. Seyfullah Esin, Chargé d'Affaires, with rank of Minister (5th January, 1950).

Mr. Esin is a career officer who has served in Washington, Berlin, Buenos Aires, Tokyo and Stockholm. Between 1944 and 1949 he was in the Turkish Foreign Office. I knew him well in Ankara and his arrival with his charming wife (the daughter of a former Turkish Ambassador to London) has been one of the brighter spots of the year. We frequently exchange impressions and enjoy one another's confidence. He is highly intelligent, quite Western in outlook and tastes, and both speak excellent English. Mme. Esin paints.

UNITED STATES (*de jure* recognition).

Mr. James G. McDonald, Ambassador (23rd March, 1949).

Mr. McDonald is the only Ambassador accredited to Israel and has a position all his own. Born about 1885 he has all the airs of his professional background while his later active association with the Zionist movement dominates his entire approach. At one time a propagandist for Jewish fund raising in the United States, he was a member of the Anglo-American Palestine Committee of Enquiry in 1946 and was nominated by President Truman as America's first representative to the new State of Israel in 1948.

Mr. McDonald cultivates only the Israelis and has little use for his colleagues, American or foreign. In work on behalf of Israel he is indefatigable. Of late he has made some effort to conceal his anti-British feelings, but his Embassy is not a happy one. He runs it and his house like a school and Mrs. McDonald is entirely submissive.

UNION OF SOVIET SOCIALIST REPUBLICS

(*de jure* recognition).

M. Pavel J. Erchov, Minister (17th August, 1948).

M. Erchov, who is 40, was previously a teacher and entered the Soviet Foreign Service in 1943 as Counsellor at Ankara where we were colleagues and where he remained till 1948. We are superficially on friendly terms but have had no serious talks here. His horizon is extremely limited, even for a Soviet representative, and he and his staff (most of whom lead a communal existence in the former Russian Church compound in Jaffa) are rarely seen about.

M. Erchov is a sad-looking, spiritless creature and power in the Legation is concentrated elsewhere. His wife is rather pleasant but has returned to Moscow with their two children who are now of school age. M. and Mme. Erchov both understand and speak a little English and he gets along fairly well in French.